

SPECIAL REPORT

TIME

Job #1

The Economy

Henry Paulson's
plan for getting the
U.S. back on track

Joe Klein on what
◀ Obama and McCain ▶
would do

Michigan's blues
and why they could
decide the election

Plus ▶ Bill Gates
on how to make
capitalism work
for everyone



*For limited powertrain warranty details, see retailer or go to kia.com. ¹SIRIUS[®] is a registered trademark of SIRIUS Satellite Radio Inc. Service requires a subscription, sold separately (a three-month subscription is included with vehicle purchase). Not available in Alaska and Hawaii. For full Terms & Conditions, visit sirius.com. ²Navigation system and widescreen entertainment system not available in combination. ³Compared to '08 midsize SUVs. ⁴Comparison to 2008 EPA highway fuel economy estimates for midsize SUVs with V6/2WD. Borrego 2009 EPA fuel economy estimates are 15 mpg/city and 22 mpg/hwy with V6/2WD. Actual mileage may vary. ⁵MSRP for LX V6 starts at \$26,995. MSRP for EX V6 shown with chrome wheels and premium package, is \$32,795. Available features listed cost more. Pricing as of 6/20/08 and is subject to change. Prices include freight and exclude taxes, title, license, additional options and retailer charges. Actual prices set by retailer.



SINCE WHEN IS OVERPAYING A STATUS SYMBOL?

There's been a long-standing belief that if something costs more, it must be better. But is that really the case? We decided to challenge this notion by creating a new kind of luxury SUV - the all-new Kia Borrego.

First, we gave it three rows of seating with room for seven adults and SIRIUS® Satellite Radio,¹ along with Downhill Brake Control, Hill Assist Control and the latest in safety technology. All standard.

We then realized true luxury is about having choices. So we decided to offer the type of options you'd expect to find in a luxury SUV: 10-speaker Infinity sound system, voice-activated navigation system,² widescreen entertainment system² and rear-camera display. Plus, a 337hp V8 engine with class-leading towing³ and best-in-class 2WD HWY fuel economy,⁴ just to name a few.

Finally, we backed it with an industry-leading warranty* and priced it considerably less than you might expect to pay.

So while we think we've done a fine job dispelling this notion, we encourage you to form your own opinion. After all - test drives are free. kiaborrego.com



THE 2009 KIA BORREGO
A NEW KIND OF LUXURY SUV
starting under \$27,000**



KIA MOTORS
The Power to Surprise™



\$50 SAYS YOU'LL WAIT LESS.



The Hertz Online Check-In Guarantee. Hertz introduces a faster way to rent a car. Our new online check-in gets you on your way in 10 minutes or less. Guaranteed. Or get \$50 toward your rental. Just complete your check-in online at **hertz.com** to qualify for the 10-Minute Guarantee. Print your confirmation and bring it with you to the Hertz Self-Service Express Kiosk or Express Counter at major airport locations. If you wait in line more than 10 minutes to receive your rental agreement, see a Hertz representative for a \$50 credit on your current or future rental. Get to your vacation faster. Let Hertz put you in the driver's seat®

Hertz

hertz.com

Hertz rents Fords and other fine cars.

FOR YOUR INFORMATION: Online check-in at hertz.com required. Valid at 50 U.S. airports for customers who use express counters or kiosks. Credit applied to current or future rental only and no cash payments will be made. Program is subject to modification or termination by Hertz. No credits will be issued for tour or prepaid rentals.

© Reg. U.S. Pat. Off. © 2006 Hertz System, Inc.

4 | TO OUR READERS

6 | 10 QUESTIONS Nancy Pelosi, first-time author

9 | POSTCARD: BEIJING

14 | INBOX

Nancy Pelosi *The House Speaker speaks out*, page 6

BRIEFING

17 | THE MOMENT Goodbye to the Blarney Blast: Bennigan's exits the American scene

18 | THE WORLD India terrorist attacks; Olmert bows out; a D.C. indictment and recovery bill

20 | VERBATIM Toni Morrison's bench; Richard Branson's spaceship

23 | POLITICS The war of the airwaves

24 | HISTORY The long lingering skullduggery of high-seas piracy

25 | POP CHART Ryan Seacrest, shark-bitten; Shia LaBeouf, arrested

26 | MILESTONES Tributes to Randy Pausch and Youssef Chahine

COMMENTARY

27 | WHITE HOUSE MEMO The diplomacy surge

29 | RAMESH PONNURU How the media's Obama mania could help McCain

Mick Jagger Age 65; satisfaction? page 25



PAGE 4 17 27 30 55 61 68

Hank Paulson *The man with the blank check*, page 30Bill Gates *In Beijing, selling Capitalism 2.0*, page 40

On the cover: Photographs by Platon

THE WELL

COVER STORY

30 | NATION: HANK PAULSON The banker's biggest gamble yet

34 | IN THE ARENA Joe Klein defends Big Government

36 | CAMPAIGN '08/ECONOMY Where the candidates stand on the one issue that matters most

38 | CAMPAIGN '08/MICHIGAN A tour of a new electoral battleground

40 | IN HIS WORDS: BILL GATES How a new kind of capitalism can make money and save lives

46 | TUNED IN Will the Olympics introduce Hollywood to China at last?

50 | CULTURE: THE LOUVRE France's iconic museum goes corporate

LIFE

55 | TRAVEL Borrowing Frank Sinatra's house—and shag rug and piano-shaped pool

57 | FIRST PERSON The inventor of the spray-on condom

57 | SOCIAL NORMS Calling cards: the mysterious revival of an old-fashioned networking device

58 | SPORT In the name of the environment (and the profit), even extreme sports are going green



ARTS

61 | THEATER *Hair* at 40: the original rock musical, still young in spirit63 | MOVIES *Swing Vote* works better as political metaphor than political movie64 | BOOKS An ex-crack addict turned New York *Times* columnist investigates his own story67 | DOWNTIME *The Mummy* is moldy, *The Sisterhood* gets mushy, but Conor Oberst finds hope in MexicoHair extension *A revival that works*, page 61

68 | ESSAY: PROTEST VOTE Michael Kinsley on the critics (both left and right) of Bill Gates' creative-capitalism idea



To Our Readers

Creative Capitalism. In a special report on the economy, we offer a powerful call for reinventing capitalism by one of its most successful icons: Bill Gates

LAST JANUARY BILL GATES GAVE A GROUND-breaking speech on "creative capitalism" at the World Economic Forum in Davos, Switzerland. Here's what we heard: one of the greatest capitalists in the history of the world suggesting that capitalism wasn't working all that well for almost half the people on the planet. He was in effect proposing a third way—the notion that profit and social responsibility were not mutually exclusive.

I was very taken with the idea and asked if he might elaborate on it for *TIME*. Thus began a rewarding collaboration that yielded his powerful piece in this week's issue—part of our special report on the economy—as well as a stimulating roundtable on the subject of creative capitalism.

Bill's piece looks at capitalism's ability to make self-interest serve the larger interest, and how companies, in conjunction with government and nongovernmental institutions, can make a profit, enhance their reputations and also improve the lives of those who have not traditionally benefited from modern market forces. Bill cites a variety of examples of how this is already taking place and how governments, foundations and regular folks can support this effort. He's the first to admit that this idea is still at a very early stage, but now that he has retired from his old day job at Microsoft, this is one of the areas to which he will be devoting his time, energy and money.

After Bill agreed to bat around these ideas, deputy managing editor Adi Ignatius acted as the intellectual impresario of the roundtable. He convened an



Money talks
Mackey, Rao
Gupta, Prahalad,
Lazarus and
Gates gather, from
left to right above,
for *TIME*'s panel on
creative capitalism;
right, a conversation
between Gates
and Stengel



impressive group: chairman and CEO of Ogilvy & Mather Worldwide Shelly Lazarus; founder and CEO of Whole Foods John Mackey; president of the International Center for Research on Women Geeta Rao Gupta; and University of Michigan professor C.K. Prahalad, whose book *The Fortune at the Bottom of the Pyramid* was a key influence on Bill's thinking. Each of them has a distinctive and provocative point of view.

You can watch and listen to the roundtable at time.com/creativecapitalists and watch my brief Q&A with Bill on time.com/gatespeaks.

Rich

Richard Stengel, MANAGING EDITOR

Otto Fuerbringer, 1910 - 2008

During his eight years as managing editor of *TIME*, Otto Fuerbringer was known to his staff as the Iron Chancellor, a nickname he earned for his forceful and demanding style. No detail in the magazine escaped Otto's exacting eye. And yet he was always conscious that journalism was the first draft of history—and that the magazine had to adapt and change as the news changed. He


was always a straight shooter.

Otto was born in St. Louis, Mo., and attended Harvard on a scholarship. He joined *TIME* in 1942 and in 1960 became the magazine's eighth managing editor. Steering *TIME* through a tumultuous era in U.S. history, he expanded the magazine's reporting on American society and ran many memorable covers, including one in 1966 that

asked, "Is God Dead?"—a story that sparked a national conversation. Former executive editor Chris Porterfield recalls that Otto wrote a single word—Good—on the first story Chris wrote for *TIME*. "An editor told me that getting a Good from Otto is like hitting a home run in your first at-bat," Chris says. "That stayed with me the rest of my career."



Forceful Fuerbringer
had a sharp news sense



BRIDGESTONE

As off-road tough as you
need, as new-pavement
smooth as you like, Dueler™
tires merge sophisticated
style with raw power
to handle any terrain.

DUELER

For drivers who want to get the most out of their cars.

**IT'S BRIDGESTONE
OR NOTHING.**



bridgestonetire.com
1-800-807-9555
tiresafety.com

B **PASSION**
for EXCELLENCE

10 Questions.

The House Speaker has written her first book, *Know Your Power*. **Nancy Pelosi will now take your questions**



Next Questions

Ask Javier Bardem your questions for an upcoming interview, at time.com/10questions

Why have you taken impeachment off the table as an option for President George W. Bush?

Nancy Shipes

WOODSTOWN, N.J.

I took it off the table a long time ago. You can't talk about impeachment unless you have the facts, and you can't have the facts unless you have cooperation from the Administration. I think the Republicans would like nothing better than for us to focus on impeachment and take our eye off the ball of a progressive economic agenda.

What plans do you have to help right our economic ship?

Nathan Duersch

SPANISH FORK, UTAH

My life in politics began in a Democratic Party whose focus was almost entirely on the economy. The economic agenda I want to see is one that says: Let's not argue about trade. Let's educate, innovate and have good-paying jobs in our own country.

Why do the Democrats insist on blocking oil-drilling when we need the price of oil to drop?

Stan Edwards, ROTAN, TEXAS
Even if they drilled every place [in America], it would not have any impact on the price of oil now. You can't increase domestic supply only by drilling. You have to invest in renewable energy resources. That's all long-term.

What do you think of Cindy Sheehan's challenge to your congressional seat?

Kyle McCartney

HUNTINGTON BEACH, CALIF.

I have the highest respect for Cindy. She lost her son in the Iraq war. What greater sac-



rice could she make? She's won the right—well, every American has the right—to run for office. Come on in; the water's warm.

How often do you vote to stick with your party against your better judgment?

Jake Englander

BROOKLYN, N.Y.

I always say to new members coming in: Follow the C's. We uphold the Constitution, we represent our constituents, and votes can be a matter of conscience. You have to weigh all of that.

If you could change anything from your political career, what would it be?

Kevin Y.H. Sun

ARCADIA, CALIF.

The biggest disappointment for me is that we're still in Iraq. I keep revisiting it to think about what we could have done to stop this President from taking us to war.

Why do you focus so much on deriding the President? Wouldn't it be better to just debate the issues?

Jeffrey Kraker

COLUMBIA, MD.

I rarely make personal attacks on the President. He's an amiable fellow. But he's done tremendous harm. There isn't any subject that you can name that hasn't been severely damaged by the policies of the Bush Administration.

The Democratic Congress is perceived by the public to have accomplished almost nothing. What do you say to this?

Kyle Victor Stich, CHICAGO

We raised the minimum wage, made college more affordable with the biggest bill since the GI Bill was signed in 1944, passed a historic energy bill with emission standards. But we didn't end the war, and I think that's why people have a negative view of Congress.

You've written your new book for America's daughters. Do your daughters see public service as a viable lifestyle?

Nancy Levine, NEW YORK CITY

I have four daughters and one son. They're engaged in different professions, but I think they see a piece of public service in all that they do. I don't know if any of them will go into politics themselves.

Will you see the day when a woman becomes President?

Liz Gonzalez, SANGER, CALIF.

I'm counting on it. It could be soon. Maybe it will be Hillary Clinton; maybe it will be someone she cleared the path for. But it's only a matter of time. ■



VIDEO AT TIME.COM

To watch a video interview with Nancy Pelosi and to subscribe to the 10 Questions podcast on iTunes, go to time.com/10questions

Simple Truth: It's important to weigh costs

The average investment company charges six times as much as Vanguard.*



It's true. What's more, the more you invest and the longer you do it, the more costs can drag you down. For instance, applied to an initial \$25,000 investment returning 8% before expenses, and compounded over 20 years, the difference adds up to about \$20,000! So, as you can see, being below average can sometimes be a good thing. Vanguard. The simple truth about investing.

www.vanguard.com



Vanguard®

Visit www.vanguard.com, or call 877-527-4942, to obtain a prospectus, which includes investment objectives, risks, charges, expenses, and other information; read and consider it carefully before investing. Investments are subject to market risk.

*Source: Lipper Inc. as of 12/31/2007. **Based on 2007 industry average expense ratio of 1.22% and Vanguard average expense ratio of 0.20%. Hypothetical example does not represent any particular investment. Simple Truth, The simple truth about investing, Vanguard, and the ship logo are trademarks of The Vanguard Group, Inc. ©2008 The Vanguard Group, Inc. All rights reserved. Vanguard Marketing Corporation, Distributor.

IMPORTED

THE FRENCH REVOLUTION IS HERE.

PINNACLE
— VODKA —

France

PINNACLE
— VODKA —

Imported. Distilled from French wheat and the purest spring water. Handcrafted in small batches.

PinnacleVodka.com © 2016 New York Spirits Co., LLC. All rights reserved. PLEASE DRINK RESPONSIBLY.



PINNACLE
— VODKA —

Postcard: Beijing.

After seven years of anticipation, residents come to terms with a city transformed. Inside China's capital on the eve of the Games



Global Dispatch
For a new postcard from around the world every day, visit time.com

BY AUSTIN RAMZY

THE SOUND OF THE OLYMPIC GAMES for me has always been John Williams' *Olympic Fanfare and Theme*. But since this spring those strains have been replaced by the clack and crumble of workmen with pickaxes leveling a wall outside my window at dawn.

In 2007 I moved into a quiet *hutong*, a traditional narrow lane lined with courtyard houses, in eastern Beijing. Since April, the city's Olympic buzz has reached deafening proportions. In a period of months, my district, laid out 700 years ago during the Ming dynasty, saw lanes repaved, streetlights installed, sewage lines overhauled, roofs repaired, doors painted, windows replaced and rooms that had been haphazardly added onto old homes demolished and rebuilt in a traditional style. Piles of construction debris filled the streets; antique wooden eaves with hand-painted floral patterns were left out as scrap.

The hubbub produced no shortage of inconvenience for the two dozen families I share a courtyard with. The work went on for weeks; sewer repairs meant walking through a ditch to leave one's door; the dust was so heavy that a spring sandstorm came and left without our noticing. But the occasional grumbles could never sink the enthusiasm of my neighbors. I came home one day to find one perched precariously on his roof, sawing away. "For the Olympics," he said with a grin. At a party in February, I asked several neighbors their hopes for the coming year; the most popular response was for a successful Games. Clearly, fixing up our courtyard was key to that. "The work here isn't just good for us," says my neighbor Feng Huiming, who works at the local post office. "It's good for the world."

It is with that sense of purpose that Beijing has spent the past seven years transforming itself. The city added roughly 85 miles (about 140 km) of subway and rail lines and a huge airport terminal. Forty million pots of flowers and 22 million



Out with the old Traditional neighborhoods are being demolished and rebuilt in time for the Games

trees were planted. As many as 1.5 million people were forcibly relocated. Some, like the Yu family, who ran a snack shop north of the Forbidden City, hung on till the very end, wrapping their structure in flags and photos of Chinese leaders in hopes it might stop the wrecking ball. It didn't. Less than 48 hours after the store was demolished to make way for a park, the spot where it stood was a flower bed.

Other problems aren't as easily covered up. Beijing spent more than \$17 billion to improve its environment, but days before the Games, the air is still a toxic haze. Even with new laws taking more than half the city's cars off the road, the addition of Olympic VIP lanes has left traffic nearly as bad as ever.

Some Beijingers have opted to leave town on what's jokingly called a *biyuntao*—"avoid Olympics package"—which rhymes with the Chinese word for condom. Others, including huge numbers of migrant workers, have been forced out. A group of builders from Sichuan who lived in our courtyard while refurbishing the neighborhood left

recently, taking their coal cooking stove and pet kitten with them. A few blocks away, restaurant owner Liu Ruilin complains that some of his best customers are gone. "I thought the Olympics were going to be good for business," he says. "But lots of outsiders are leaving."

In the weeks preceding the Games, authorities have closed clubs and bars, blocked concerts and other public gatherings and put an increasing number of armed police on the streets. Some of my neighbors have even been recruited as volunteer public-security monitors. They sport red-and-white polo shirts bearing the logo of a Beijing beer company and sit by the street, watching for trouble.

That's the closest most of them will come to seeing the Olympics in person. "We have no access to tickets," says Feng. "And even if we did, we couldn't afford them." An Olympic slogan repeated on billboards throughout the city reads *I PARTICIPATE; I CONTRIBUTE; I'M HAPPY*. After months of participating and contributing, the people in this corner of the capital will have to be happy catching the Games, as the rest of the world does, at home on television.





IT FEELS GOOD TO WIN AWARDS. IT FEELS BETTER TO GIVE BACK TO THE COMMUNITY.

Teaching job skills, helping the homeless, and organizing sports leagues that keep kids off the street. They're all ways in which Toyota dealers help their communities as well as their customers. The Toyota President's Award honors a select group of these dealers. It's our way of congratulating them both for their commitment to their work, and their commitment after work.



HYBRID
SYNERGY
DRIVE

THE 2008 HIGHLANDER HYBRID



WITH ECON MODE



Everything Counts.

Especially when it comes to fuel efficiency. Our advanced Hybrid-Synergy Drive[®] with ECON mode helps you go even farther on a tank of gas. Way farther. Just one of the Highlander's features you can learn about at toyota.com.

 **TOYOTA**
moving forward.

Vehicle shown with available equipment. ©2007 Toyota Motor Sales, U.S.A., Inc.

Inbox



How to Aid Afghanistan

"THE RIGHT WAR": AN OXYMORON IF EVER there was one [July 28]. I was born when World War II was raging and served in the military during the Vietnam era. Fortunately, I wasn't called upon to kill or be killed, but tens of thousands of others were. There is no hope for peace on earth as long as war is considered the right thing to do. Each side in a war considers its cause to be right, including the Taliban and al-Qaeda, which call their wars "holy"—another oxymoron. When will people ever learn?

Carlos Carrier, LONG BEACH, CALIF.

TERRORISTS ARE MOBILE AND HEADED from all over to Iraq because the U.S. was there. Now Afghanistan is becoming the hotbed, and terrorists will flow there. The problem is that no foreign force, including the former Soviet Union, has ever been successful in Afghanistan. Could this be why the U.S. chose to fight terrorists in Iraq?

Charles Langhorn, AUBURN, CALIF.

COULD WE SOMEHOW GET BOTH JOHN McCain and Barack Obama to read Rory Stewart's article on Afghanistan? Stewart is knowledgeable, comprehensive and realistic. We very badly need his ideas to be discussed and, more important, implemented, especially in the face of the tactics proposed by both presidential candidates.

Jane Carder, MACON, GA.

'Despite McCain's vocal opposition to Bush's agenda, his Senate record has followed the party line on almost every major issue.'

Katie Mercuro, ASHBURN, VA.

Party guy? Several readers highlighted the similarities between John McCain, right, and George W. Bush, as opposed to their differences

Chastity Meets Controversy

PURITY BALLS STRIKE ME AS A CONTRADICTION in terms [July 28]. Dressing up children as adults and putting them in a mature environment focused on sexual behavior surely offers a glimpse of the very temptations these fathers are trying to forestall. I wonder how many of these men are involved in creating the society they are so fearful of for their daughters. Making a "vow before God" to protect the purity of another is presumptuous and in any case probably requires sainthood. I'll go with a purity barbecue for my daughter: in the sunshine, where God can find me.

Peter Waugh, NORTH VANCOUVER, B.C.

FATHERS WHO ARE GENUINELY CONCERNED with the well-being of their daughters rather than compelled to control them have a more sensible and effective approach: they behave as role models who demonstrate healthy relationships in their interactions with wives, girlfriends and other females. Could purity ceremonies for the sons of these men wipe out the demand for *Girls Gone Wild*?

Lisa Deck Drdul, AMHERST, N.Y.

YOUR ARTICLE MENTIONS A GIRL WHO WAS assaulted, then consumed with guilt. Why was her attacker not raised to treat women respectfully? If a daughter can promise purity in Dad's presence, why can't a son?

Lily Weiss, LAWRENCE, N.Y.



A BROADER DEFINITION OF PURITY

AS A MOTHER OF A TEENAGE GIRL AND an almost-teenage boy, I agree that parents face many challenges in our current "culture of chaos"

[July 28]. But asking a young girl to make a vow about her sexuality to her father at a purity ball is patriarchal and oppressive. Fathers, as role models, should have meaningful relationships with their children—not relationships based on control euphemistically couched as "shielding." We should be teaching our boys and girls to be strong, responsible, truthful and kind. If we teach them to have confidence and integrity in all aspects of their lives, they will be better equipped to make decisions about relationships—and to know that healthy ones may include sex but only when they are ready and only on their own terms.

Elizabeth Baldwin
PLATTSVILLE, ONT.

McCain's Bush Problem

THOUGH JAMES CARNEY ADEQUATELY highlights the personal rivalry between President George W. Bush and McCain, his reference to McCain's divergence from Bush on policy issues is dramatically overstated [July 28]. While McCain's previous vocal opposition to Bush's agenda has secured him the "maverick" label, his Senate record has followed the party line on almost every major issue except tax cuts (a position he has since reversed) and torture.

Katie Mercuro, ASHBURN, VA.

An Economic Reality Check

FOR PEOPLE LUCKY ENOUGH TO HOLD stock, consumer confidence is indeed a state of mind. But for people with fixed incomes and the working poor who could barely pay their bills before, the current fiscal situation is a very real crisis. Try raising a 6-month-old baby when your water has been cut off. Try coming back from your chemo appointment to find that your electricity isn't working. Try deciding whether to pay your rent this month to forestall eviction or fill your tank with gas so you don't get fired from your job. How dare we think of bailing out greedy people



Every illness is a journey. It helps to have a guide. Introducing the new Health.com. A website that delivers better answers to all your health questions. We combine expert medical information with the real-life experiences and problem-solving insights of patients who've been where you're going.

Health.com
Where to turn

VIAGRA®

(sildenafil citrate) tablets
presents

MOMENTS THAT CHANGED the game



COMPOSITES ACE THE GAME

WHEN THE METAL TENNIS RACQUET arrived on the tournament circuit in the 1970s, it revolutionized tennis. Power and control became as important as strategy and finesse. Since then, manufacturers have offered seemingly endless combinations of materials and designs. Materials such as boron and titanium have been combined with aluminum, fiberglass and graphite for even greater performance.

Want to read about other moments that have changed the game of tennis?

Visit SI.COM/MOMENTS for insight, including:

- Video
- Writers' commentary
- Fan reaction

who bought McMansions they couldn't afford, when seniors and disabled people are losing basic necessities through no fault of their own?

Marybeth Moore, HOLLYWOOD, MD.

Cracking Up Is Hard to Do

JAMES PONIEWOZIK ASKS, "HAS AMERICA lost its sense of humor?" [July 28]. Yes, thanks to this Administration's successful politics of fear, division and deceit. Jon Stewart, Stephen Colbert, et al provide those who did not re-elect Bush with not only comic relief but also much appreciated validation. Hundreds of thousands of innocent people have died for no apparent reason. And hundreds of thousands of American voters remain devoted to the Administration that caused this carnage. I won't laugh until we get our country back.

Sandy Light, ROANOKE, VA.

AS ANY COMEDIAN WILL TELL YOU, THERE is always a joke or two that he wishes he had not told. Not because it wasn't funny but because it was over the top or in poor taste. Let's say the *New Yorker* decides to run a cover cartoon of Senator McCain in a wheelchair, with his wife Cindy carefully feeding him from an Ensure can so as not

'Why can't we elect outsiders to replace the bums in Congress? Because the voters only want the other guy's bum thrown out, not their bum.'

Keith Hull, BOISE, IDAHO

to stain his bib. Again, in poor taste. It is often said that when sarcasm misses its mark by a little, it misses by a mile.

Raymond F. Ramirez, MABLETON, GA.

THERE IS NO EXCUSE FOR THEIR FLIGHTY defense of the *New Yorker* cover depicting Barack and Michelle Obama as fist-bumping terrorists. You ask in the piece if America has lost its sense of humor—America has not. But we have lost patience with the kind of hatemongering

Inbox

that drove the *New Yorker* to try to sell magazines by marginalizing the man who will be the next President of the United States. You should be ashamed of defending its terribly bad decision to run that cover.

Thomas Rajala, STOCKTON, CALIF.

IN THE 18TH CENTURY, JONATHAN SWIFT was criticized for his satirical essay *A Modest Proposal*, which suggests that poor Irish treat their children like food and sell them to the rich. Swift was not promoting cannibalism or infanticide; he thought his audience would understand the absurdity of such ludicrous ideas. Does the *New Yorker* really believe Obama is a Muslim extremist and his wife a terrorist? No, but the editors thought Americans were smart enough to interpret the utter ridiculousness as an exaggeration—one that fits well into this increasingly overdramatic presidential campaign.

Lauren Tighe, SAGINAW, MICH.

Bums "R" Us

LIKE NANCY GIBBS, I EAGERLY AWAIT the arrival of "some new bums" in the political arena [July 28]. I even know some who would be perfect: an eighth-grade English teacher who knows the Constitution inside and out; an empathetic nurse with the experience to help establish a universal health-care plan. Sadly, these outstanding outsiders will remain outside until our system changes its rules by drastically limiting the amount of money a candidate is allowed to raise and by reducing the amount of time a candidate may campaign. Only by leveling the field will those players be able to enter the game.

Ronna L. Edelstein, PITTSBURGH, PA.

WHY CAN'T WE ELECT OUTSIDERS TO REPLACE the bums in Congress? Because the voters want only the other guy's bum thrown out, not their bum. Their bum brings home the pork. Until the voters in Idaho throw out Senator Mike Crapo and not just wish for the defeat of Teddy Kennedy, nothing is ever going to change. We have met the enemy, and he is us.

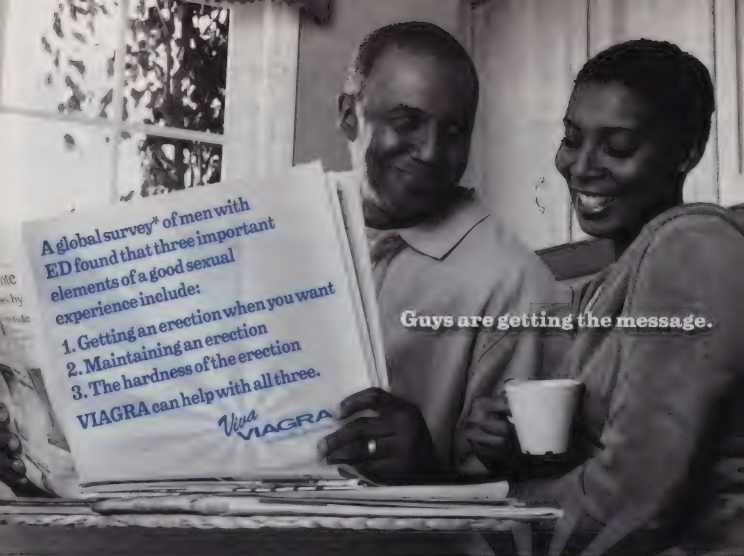
Keith Hull, BOISE, IDAHO

HOW TO REACH US Our e-mail address is letters@time.com. Please do not send attachments. Or you can send your letter to: TIME Magazine Letters, Time & Life Building, Rockefeller Center, New York, N.Y. 10020. Letters should include the writer's full name, address and home telephone and may be edited for purposes of clarity and space.



Please recycle this magazine and remove inserts or samples before recycling

Customer Service and Change of Address For 24/7 service, please use our website: www.time.com/customer-service. You can also call 1-800-843-8463 or write to TIME at P.O. Box 30601, Tampa, FL 33630-0601. **Back Issues** Contact us at help.single@customerservice.com or call 1-800-274-6800. **Reprints and Permissions** Information is available at the website www.time.com/time/permissions. To request custom reprints, e-mail TimeMagazine_Reprints@nytimes.com or call 1-877-922-2237. For all other uses, contact us by e-mailing timeprints_usa@nytimes.com. **Advertising** For advertising rates and our editorial calendar, visit timemediakit.com. **Syndication** For international licensing and syndication requests, e-mail syndication@timeinc.com or call 1-212-512-5268.



A global survey* of men with ED found that three important elements of a good sexual experience include:

1. Getting an erection when you want
2. Maintaining an erection
3. The hardness of the erection

VIAGRA can help with all three.

Viva
VIAGRA

Guys are getting the message.

Men with Erectile Dysfunction (ED) are discovering that VIAGRA can help them get and keep harder erections, which can lead to more satisfying sexual experiences. Ready to get the message? Read all about it at viagra.com. Then ask your doctor if VIAGRA is right for you.

Viva
VIAGRA
(sildenafil citrate) tablets

VIAGRA is prescribed to treat erectile dysfunction. We know that no medicine is for everyone. Don't take VIAGRA if you take nitrates, often prescribed for chest pain, as this may cause a sudden unsafe drop in blood pressure.

Talk with your doctor first. Make sure your heart is healthy enough to have sex. If you have chest pain, nausea, or other discomforts during sex, seek medical help right away. As with any ED tablet, in the rare event of an erection lasting more than four hours, seek immediate medical help to avoid long-term injury.

In rare instances, men taking PDE5 inhibitors (oral erectile dysfunction medicines, including VIAGRA) reported a sudden decrease or loss of vision, or sudden decrease or loss of hearing. It is not possible to determine whether these events are related directly to these medicines or to other factors. If you experience any of these symptoms, stop taking PDE5 inhibitors, including VIAGRA, and call a doctor right away.


The most common side effects of VIAGRA are headache, facial flushing, and upset stomach. Less common are bluish or blurred vision, or being sensitive to light. These may occur for a brief time. VIAGRA does not protect against sexually transmitted diseases including HIV.

Please see Important Facts for VIAGRA on the following page or visit viagra.com for full prescribing information.

For free information, including questions to ask your doctor, call 1-888-4VIAGRA (1-888-484-2472).

*Global Better Sex Survey, conducted among 6,291 men with and without ED.

You are encouraged to report negative side effects of prescription drugs to the FDA.
Visit www.FDA.gov/medwatch or call 1-800-FDA-1088.

VGU00348R © 2006 Pfizer Inc. All rights reserved. 

IMPORTANT FACTS

VIAGRA
(sildenafil citrate) tablets

(vi-AG-rah)

IMPORTANT SAFETY INFORMATION ABOUT VIAGRA

Never take VIAGRA if you take any medicines with nitrates. This includes nitroglycerin. Your blood pressure could drop quickly. It could fall to an unsafe or life-threatening level.

ABOUT ERECTILE DYSFUNCTION (ED)

Erectile dysfunction means a man cannot get or keep an erection. Health problems, injury, or side effects of drugs may cause ED. The cause may not be known.

ABOUT VIAGRA

VIAGRA is used to treat ED in men. When you want to have sex, VIAGRA can help you get and keep an erection when you are sexually excited. You cannot get an erection just by taking the pill. Only your doctor can prescribe VIAGRA.

VIAGRA does not cure ED.

VIAGRA does not protect you or your partner from STDs (sexually transmitted diseases) or HIV. You will need to use a condom.

VIAGRA is not a hormone or an aphrodisiac.

WHO IS VIAGRA FOR?

Who should take VIAGRA?

Men who have ED and whose heart is healthy enough for sex.

Who should NOT take VIAGRA?

- If you ever take medicines with nitrates:
 - Medicines that treat chest pain (angina), such as nitroglycerin or isosorbide mononitrate or dinitrate
- If you use some street drugs, such as "poppers" (amyl nitrate or nitrite)
- If you are allergic to anything in the VIAGRA tablet.

BEFORE YOU START VIAGRA

Tell your doctor if you have or ever had:

- Heart attack, abnormal heartbeats, or stroke
- Heart problems, such as heart failure, chest pain, or aortic valve narrowing
- Low or high blood pressure
- Severe vision loss
- An eye condition called retinitis pigmentosa
- Kidney or liver problems
- Blood problems, such as sickle cell anemia or leukemia
- A deformed penis, Peyronie's disease, or an erection that lasted more than 4 hours
- Stomach ulcers or any kind of bleeding problems

Tell your doctor about all your medicines. Include over-the-counter medicines, vitamins, and herbal products. Tell your doctor if you take or use:

- Medicines called alpha-blockers to treat high blood pressure or prostate problems. Your blood pressure could suddenly get too low. You could get dizzy or faint. Your doctor may start you on a lower dose of VIAGRA.
- Medicines called protease inhibitors for HIV. Your doctor may prescribe a 25 mg dose. Your doctor may limit VIAGRA to 25 mg in a 48-hour period.
- Other methods to cause erections. These include pills, injections, implants, or pumps.

POSSIBLE SIDE EFFECTS OF VIAGRA

Side effects are mostly mild to moderate. They usually go away after a few hours. Some of these are more likely to happen with higher doses.

The most common side effects are:

- Headache
- Feeling flushed
- Upset stomach

Less common side effects are:

- Trouble telling blue and green apart or seeing a blue tinge on things
- Eyes being more sensitive to light
- Blurred vision

Rarely, a small number of men taking VIAGRA have reported these serious events:

- Having an erection that lasts more than 4 hours. If the erection is not treated right away, long-term loss of potency could occur.
- Sudden decrease or loss of sight in one or both eyes. We do not know if these events are caused by VIAGRA and medicines like it or caused by other factors. They may be caused by conditions like high blood pressure or diabetes. If you have sudden vision changes, stop using VIAGRA and all medicines like it. Call your doctor right away.
- Sudden decrease or loss of hearing. We do not know if these events are caused by VIAGRA and medicines like it or caused by other factors. If you have sudden hearing changes, stop using VIAGRA and all medicines like it. Call your doctor right away.
- Heart attack, stroke, irregular heartbeats, and death. We do not know whether these events are caused by VIAGRA or caused by other factors. Most of these happened in men who already had heart problems.

If you have any of these problems, stop VIAGRA. Call your doctor right away.

HOW TO TAKE VIAGRA

Do:

- Take VIAGRA only the way your doctor tells you. VIAGRA comes in 25 mg, 50 mg, and 100 mg tablets. Your doctor will tell you how much to take.
- If you are over 65 or have serious liver or kidney problems, your doctor may start you at the lowest dose (25 mg).
- Take VIAGRA about 1 hour before you want to have sex. VIAGRA starts to work in about 30 minutes when you are sexually excited. VIAGRA lasts up to 4 hours.

Don't:

- Do not take VIAGRA more than once a day.
- Do not take more VIAGRA than your doctor tells you. If you think you need more VIAGRA, talk with your doctor.
- Do not start or stop any other medicines before checking with your doctor.

NEED MORE INFORMATION?

- This is only a summary of important information. Ask your doctor or pharmacist for complete product information OR
- Go to www.viagra.com or call (888) 4-VIAGRA (484-2472).

Uninsured? Need help paying for Pfizer medicine? Pfizer has programs that can help. Call 1-866-706-2400 or visit www.PfizerHelpfulAnswers.com.



Distributed by
Pfizer Labs
Division of Pfizer Inc. NY, NY 10017
Rx Only ©2007 Pfizer Inc. All rights reserved. Printed in the USA
VGLI Rev. 4/12/07

Registered trademarks are the property of their respective owners.

helpful
answers™

Briefing

THE WORLD VERBATIM THE PAGE HISTORY

POP CHART MILESTONES



The Moment

7/29/08: Fort Worth

THE U.S. ECONOMIC DOWN-turn has claimed another victim: Bennigan's Grill & Tavern, the 32-year-old chain of casual-dining fern bars. Amid sky-high gas and food prices and tightening consumer spending, the chain's Texas-based parent company declared bankruptcy July 29, saying it would shutter 150 eateries. While the franchise outlets remain open for now, Americans who want to peruse oversize menus for unremarkable food in unremarkable settings

may soon have to check out Applebee's or Chili's. Or Ruby Tuesday or T.G.I. Friday's. Or the scores of other family-style restaurants serving deep-fried mozzarella sticks beneath hypnotically rotating ceiling fans.

They're a lot harder to distinguish than they are to find. Bennigan's had an Irish theme, with burgers slathered in Guinness and a drink called the Blarney Blast, but it was about as Gaelic as Barack O'Bama. Its Fajita Chicken Quesadillas somehow lacked

that old-country Dublin feel. Its signature sandwich, the Monte Cristo, was a surgeon general's worst nightmare: "A delicious combination of ham and turkey, plus Swiss and American cheeses on wheat bread. Lightly battered

Charting the causes of a casual-dining chain's demise

and fried until golden. Dusted with powdered sugar and served with red raspberry preserves for dipping." You have to wonder: Why wheat bread?

Bennigan's failed a few days after the state of Califor-

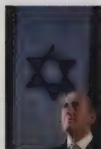
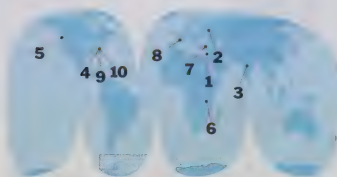
nia banned trans fats, so it's tempting to blame its demise on an antiobesity backlash. But fast-food joints are doing fine. The real problem is that middle-class families are struggling, and food prices are soaring. In good times, a trip to the local Outback or Olive Garden could be part of the family routine; with gas prices near \$4 a gallon, it's become a special occasion.

And Bennigan's—an Old Navy of cuisine, a Levittown of the dining experience—just wasn't all that special. If Americans still want chicken wings and chocolate desserts served with an Irish surname, they can always go to Houlihan's.

—BY MICHAEL GRUNWALD

The World

10 ESSENTIAL STORIES



1 | Jerusalem

Olmert Bows Out

In a surprise announcement, Israeli Prime Minister Ehud Olmert said he would not seek re-election and would step down after his party's Sept. 17 leadership vote. Olmert, currently under two separate criminal investigations over allegations of corruption, had already vowed to resign if charged. The news clears the way for a new government but will probably delay progress on Israeli-Palestinian relations.

2 | Moscow

From Russia: Get Out

Robert Dudley, CEO of TNK-BP, a lucrative joint venture between British oil giant BP and a Russian consortium, has left the country following what BP called a "campaign of harassment" by Russian authorities, aimed at gaining control of the company. Dudley continues to run TNK-BP, which provides a quarter of BP's global production, from a secret location.



Friends and family transport the body of an Ahmaddabad bombing victim

3 | India

A New Source of Terror

At least 16 coordinated blasts rocked the western city of Ahmaddabad on July 26, killing 45 people. Whereas previous attacks had been widely attributed to foreign militants, the Indian Mujahedin claimed responsibility for the bombings—raising the specter of domestic terrorism and highlighting mounting unrest among India's Muslim minority.



4 | Washington

Awkward Questions

Former Attorney General Alberto Gonzales' senior aides at the Department of Justice regularly broke the law by basing hiring decisions for career posts on political considerations, according to an internal report released on July 28. The report singled out Monica Goodling, a top aide who routinely quizzed candidates about their political ideology even though it was illegal and against department policy to do so. Some of her interview questions:

"Why are you a Republican?"

"What is it about George W. Bush that makes you want to serve him?"

"Aside from the President, give us an example of someone currently or recently in public service who you admire."

"Tell us about your political philosophy."

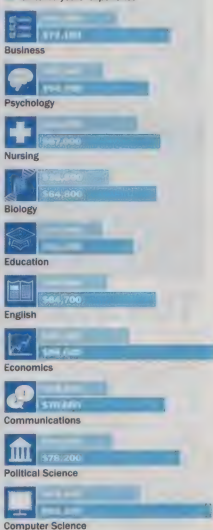
5 | Seattle

Earnings Now—and Later

Every college graduate knows that not all careers are created equal. But according to a new report from salary-survey company PayScale, differences in earnings can widen with time. Results for the 10 most popular college majors:

MEDIAN SALARIES FOR THOSE WITH A BACHELOR'S DEGREE ONLY

Less than five years' experience
Ten to 20 years' experience



SOURCES: PAYSCALE, PRINCETON REVIEW

Numbers:

43%

Percentage increase in SUV sales in China in May 2008 compared with May 2007, amid soaring car-ownership rates

9.6

BILLION

Decrease in miles driven in the U.S. in May 2008 vs. May 2007, according to the Federal Highway Administration



6 | Tanzania

CONSTANT PERIL Albinos in this East African nation are fearing for their lives after the latest in a rash of ritualistic murders. More than 20 albinos, who suffer from a genetic disorder that results in sensitive, pigmentless skin, blond hair and blue eyes, have been killed in the past year. The main suspects are local witch doctors, who sell albino organs and hacked-off body parts as good-luck charms. In April, Tanzanian President Jakaya Kikwete appointed an albino to be a Member of Parliament and ordered a crackdown on witch doctors.



Supporters of the AK Party celebrate the court's ruling outside party headquarters

7 | Turkey

A Reprieve for the Ruling Party

Turkey's highest court narrowly ruled against banning the governing AK Party over charges that its allegedly Islamist agenda violated the country's secular constitution, but the court sent a "serious warning" by slashing its state funding. Many had feared a ban would spark political chaos, threatening Turkey's E.U. bid.

9 | Washington

Fending Off Foreclosure

The massive Housing and Economic Recovery Act of 2008 offers U.S. homeowners, lenders and local communities some relief from the mortgage crisis. The bill is nearly 700 pages, but here's a highlight reel:

▲ An increase in the federal debt limit from \$9.8 trillion to \$10.6 trillion, to cover a possible bailout of the beleaguered mortgage giants Freddie Mac and Fannie Mae

▲ \$300 billion in mortgage-refinancing funds backed by the Federal Housing Administration

▲ \$180 million in counseling and legal services for homeowners facing foreclosure

▲ Tax credits of up to \$7,500 for new homebuyers, to be paid back over time

▲ \$4 billion in grants for local communities to buy and renovate foreclosed properties



Federal prosecutors say a private company paid for a new level added to Stevens' home

10 | Washington

A Political Veteran Indicted

A federal grand jury has charged Alaska Senator Ted Stevens with concealing more than \$250,000 in gifts from an Alaskan oil-infrastructure company, including major construction work on his home. Stevens, 84, was charged with seven counts of failing to report the gifts on public disclosure forms. The Senate's longest-serving Republican member, he has given up powerful posts on the Commerce and Appropriations committees while maintaining that the charges are false.

What They're Watching in the Middle East

A syrupy Turkish soap opera has millions of viewers across the Arab world hooked—and their clerics



seething. Religious leaders from Bahrain to the West Bank have condemned *Nisar* for being "replete with wickedness, evil and moral collapse," in the words of Saudi Arabia's Grand Mufti. The show has drawn ire over its portrayal of egalitarian marriage—the heroine's husband supports her career in fashion—and characters who drink and date. Despite the criticism, 3 million to 4 million people in Saudi Arabia are tuning in daily.

8 | Geneva

Free-Trade Failure

After seven years of negotiations, the World Trade Organization's Doha round of free-trade talks collapsed over reluctance to relinquish protective trade barriers. Though the U.S. and the E.U. offered to reduce their farming subsidies, talks reached an impasse as China and India, emboldened by their rapid economic growth, insisted on the right to protect their farmers from competition and refused to accept a compromise.

51

Number of years since a U.S. President had approved a military execution when George W. Bush signed the death order for murderer-rapist Ronald Gray, a former Army cook

15

MONTHS

Prison sentence for former NBA referee Tim Donaghy, who pleaded guilty to betting on games in which he officiated and providing insider tips; he blamed his gambling addiction

Verbatim

'It's never too late to honor the dead.'

TONI MORRISON, at the dedication of her "bench by the road," a memorial for the millions of African slaves who entered the U.S. at Sullivan's Island, S.C.

'This is going to make it extraordinarily difficult for whoever's going to become President—I don't care who the President is.'

KENT CONRAD, U.S. Senate Budget Committee chairman, on the Bush Administration's \$482 billion projected budget deficit—a record

MY OTHER RIDE IS A SPACESHIP.

MESSAGE on the airplane used by Richard Branson to reach the Mojave Desert, where the British billionaire unveiled the craft (right) that would provide the world's first commercial spaceflight

'Nuclear weapons are so 20th century.'

MAHMOUD AHMADINEJAD, President of Iran, denying U.S. accusations that his country is building nuclear bombs

'Tell the governor he just lost my vote.'

CHRISTOPHER EMMETT, convicted murderer, before his death by lethal injection. Emmett had argued that Virginia's execution methods were unconstitutional; Governor Tim Kaine declined to intervene

'He hated the liberal movement.'

STERLING OWEN, police chief of Knoxville, Tenn., on the motives of Jim D. Adkisson, an out-of-work truck driver who gunned down two people at a Unitarian church known for its liberal views

'I believe our policy will not affect reporters' coverage of the Olympic Games.'

SUN WEIDE, chief spokesman for the Beijing Olympics organizing committee, on restricting press access to certain overseas Internet sites despite earlier claims that the media would not be censored



Back & Forth:

Media

'McClellan would never dare say that to my face.'



Pundit **BILL O'REILLY**, denying accusations by former White House press secretary Scott McClellan, who claimed that O'Reilly received "scripts" from the Bush Administration

'The truth is, I messed up.'

SCOTT MCCLELLAN, apologizing to O'Reilly, adding that he didn't mean to single out the "big kahuna at Fox News"



Polygamy

'It is a desperate attempt for

Texas to save face for their barbaric actions on their first raid.'



WILLIE JESSOP, spokesman for the FLDS church, after the state indicted six members of the polygamist sect—including leader Warren Jeffs—on charges related to child abuse

'Polygamist communities in the United States are a form of organized crime.'

U.S. Senate majority leader HARRY REID, a practicing Mormon, claiming the FLDS church is guilty of tax fraud as well as child abuse



Obesity

'Our communities have an extreme shortage of quality foods.'

BERNARD PARKS, Los Angeles city councilman, after the council approved a yearlong moratorium on new fast-food restaurants in South L.A.

'What's next? Security guards at the door saying, "You're overweight—you can't have a cheeseburger?"'

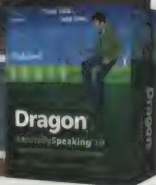
California Restaurant Association spokesman ANDREW CASANA, saying fast-food chains like McDonald's offer healthy alternatives—and people choose not to eat them





DRAGON® NATURALLYSPEAKING® 10. BECAUSE YOUR HANDS HAVE BETTER THINGS TO DO THAN TYPE.

The world's most advanced speech recognition software lets you create, edit and email documents three times faster than typing with up to 99% accuracy. Now common tasks that take several steps to perform such as searching the web or your desktop, can be executed with a single voice command. To learn more, visit nuance.com/dk.



amazon.com



Dragon NaturallySpeaking 10 is a registered trademark of Nuance Communications, Inc. © 2009 Nuance Communications, Inc. All rights reserved. Microsoft, the Microsoft Dynamics logo, and the Microsoft Dynamics logo are either registered trademarks or trademarks of Microsoft Corporation in the United States and/or other countries. Microsoft Dynamics is a service mark of Microsoft Corporation in the United States and/or other countries. Microsoft, the Microsoft Dynamics logo, and the Microsoft Dynamics logo are either registered trademarks or trademarks of Microsoft Corporation in the United States and/or other countries. Microsoft Dynamics is a service mark of Microsoft Corporation in the United States and/or other countries.

The Page

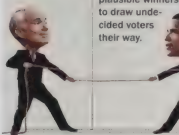
BY MARK HALPERIN



Read Mark Halperin every day on thepage.time.com

CAMPAIGN SCORECARD

ROUND	1	2	3	4
ISSUE	Chances of Winning	Psychological Warfare	Image	News Coverage
ACTION	Key state polls showing John McCain close or ahead—and one widely discussed national poll suggesting he leads among likely voters—busted up insiders' perception that Barack Obama is cruising toward an easy November victory. Now the Republicans hope the public adopts the same revised attitude. Underdogs still need to be seen as plausible winners to draw undecided voters their way.	 <p>As the political strategist Bill Clinton has pointed out, the key to winning any close contest is psychological dominance. George W. Bush got into McCain's head and rattled his focus in 2000, and Obama is clearly doing the same thing now. McCain can't seem to shake him off and sell his own agenda.</p>	Presidential campaigns aren't just about photo ops, but TV images matter in shaping voters' views. From his dramatic overseas trip to his high-profile meetings at home, Obama is aggressively seeking out stronger political environments than McCain is. Part of McCain's problem: his numerous fund-raising requirements limit his schedule.	 <p>A glut of media attention for Obama and a McCain campaign video of mawkish journalists fawning over the Democrat appeared to galvanize the press corps into reassessing its Obamamania, much as a February <i>Saturday Night Live</i> spoof caused it to make a slight midcourse correction during the Clinton-Obama nomination fight.</p>



RESULTS

REPUBLICANS	✓			✓
DEMOCRATS		✓	✓	
TIE				

WINNER OF THE WEEK: TIE

Obama won a big battle with solid reviews of his overseas trip, but he may have lost the war, as the public appeared to react with less fervor than the media. With fewer than 100 days to go, both sides are gearing up for a tight race.

★ ★ ★ NOT ALL ROUNDS ARE CREATED EQUAL ★ ★ ★
The week's winner is based on the relative importance of each fight and by how much the winner takes each round.

WEEK BY WEEK

	JUNE	JULY	AUG.	SEPT.	OCT.	TOTAL WEEKS WON
REPUBLICANS						2
DEMOCRATS						5

TV Wars. What political ads say about where the campaign is headed

POP QUIZ: THE TERMS PUMP, Love, Safe, New Energy and Dignity are all:

- Songs by the Jonas Brothers*
- Episode titles of the British dramedy Secret Diary of a Call Girl*
- Names of television commercials produced by the two presidential campaigns*

The answer is, of course, c—and these are just a few of the spots John McCain and Barack Obama have aired in their already fierce contest. By fall, presidential political ads will fill TV screens nationwide. What has aired so far gives some clues as to the strategies both camps will probably follow in the coming months.

- Energy policy and national security will be big themes for both sides.
- Obama will continue introducing himself to the country, showcasing his biography and résumé.
- McCain isn't shy about going negative, and he will try to define Obama as a phony who puts personal ambition ahead of the national interest.



- Obama will attack too, probably flooding the airwaves with images of McCain palling around with the terribly unpopular President Bush.
- McCain, once reluctant to advertise his sterling Vietnam era war record, will vigorously remind voters of his heroic sacrifices.
- Both campaigns will employ what they consider their greatest asset: the charismatic and charming candidates themselves.

A Brief History Of:

Pirates



THEY PURSUE THEIR PREY USING OUTBOARD MOTORS instead of oars and tote rocket-propelled grenades instead of cutlasses. But like their peg-legged predecessors, the pirates of today's headlines—most recently those who hijacked a Japanese cargo ship off the Somali coast on July 20—are economic opportunists exploiting the largely unpatrolled waterways through which 90% of global trade flows.

Pirates have plagued seafarers for millennia. Homer and Cicero noted incidents involving ancient Greek and Roman mariners, and West Europeans weathered Viking onslaughts during the Middle Ages. In the 16th and 17th centuries, monarchs frustrated by Spain's dominance of the Caribbean commissioned privateers to harass the Spanish fleet—helping to usher in piracy's golden age, when swashbuckling marauders like Edward (Blackbeard) Teach roamed the sun-splashed islands, plundering gold and silver.

Piracy declined in subsequent centuries, thanks to increasingly vigilant militaries and the development of the steam engine. But amid a drop in naval patrols and a boom in international trade following the end of the cold war, it has flourished anew—particularly in narrow choke points such as Asia's Strait of Malacca and the Gulf of Aden, which links the Red and Arabian seas. Buoyed by fast boats, fearsome weaponry and high-tech communications gear, pirates carried off 263 reported heists in 2007—28% of which occurred in the lawless waters off Nigeria and Somalia. With its vast coastline and crippled government, Somalia is especially pirate-infested. Despite a June U.N. resolution that lets naval allies surveil its waters, ships are warned to stay 200 nautical miles from land. —BY ALEX ALTMAN

Avast! Pirates cruise for victims in the Riau Islands, near the Strait of Malacca in Southeast Asia

SCOURGE OF THE SEAS



75 B.C. A young Julius Caesar is captured by pirates and held for ransom

1801 American refusal to pay tribute to North African pirates sparks Barbary Wars

1856 The Declaration of Paris outlaws privateering

1881 Robert Louis Stevenson publishes his novel *Treasure Island*, which helps popularize a romantic image of piracy



1992 To combat escalating incidents of piracy, the International Maritime Bureau establishes the Piracy Reporting Centre in Kuala Lumpur

THE SKIMMER



Fleece

By Dick Morris
& Eileen McGann
HarperCollins; 337 pages

THE ONE-WORD TITLE, 30-word subtitle book market appears to have been locked up by former Bill Clinton adviser Dick Morris and writing partner Eileen McGann. A follow up to their 2007 best seller, *Outrage*—which detailed how lots of people and groups, from the U.N. to Big Tobacco, “are ripping us off”—*Fleece* details how lots of people and groups “are scamming us.” The guilty parties this time around include Barack Obama, lobbyists and teachers’ unions. But while this pin the tail-on-the-grievance approach might make for a striking dust jacket, it results in a disjointed book. It’s impossible to argue with some of Morris and McGann’s targets. Duplicious credit-card companies, housing-crisis profiteers and lobbyists working for shady foreign governments are all deserving of scorn. Yet there are more than a few straw men mixed in, not to mention an obsession with the travails of Bill Clinton. Nonetheless, *Fleece* does manage to effectively tap into populist anger toward those in charge. Perhaps their next book should simply be titled *Grrrr!*

—BY GILBERT CRUZ

READ

SKIM ✓

TOSS

Pop Chart



Russia considers outlawing **EMO** music. Emo happiest unloved



RYAN SEACREST bitten by cat-size shark. Text vote for the shark to...



W trailer: "Who do you think you are? A Kennedy? You're a Bush. Act like one."



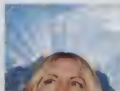
MICK JAGGER turns 65. Boomers' swooning over Jagger turns 45



Rolling Stones' publisher sues **LIL WAYNE** for sampling *Play with Fire*. Can't say they didn't warn him



SHIA LABEOUF arrested for DUI while filming *Transformers 2*. Car transformed into Breathalyzer



HEATHER MILLS' publicist quits: "I reminded her that she was not God."



CARLA BRUNI on *Vanity Fair* cover. Mr. Merkel slighted again

SHOCKING

LifeStyles condoms asks **MILEY CYRUS** to be spokeswoman



NAKED COWBOY arrested in San Francisco. Seriously, what took so long?



ROBOCOP to be rebooted by director of *Requiem for a Dream*



JOHN WATERS working on *Hairspray* sequel



Facebook shuts down **SCRABULOUS**, tripling white collar productivity

PREDICTABLE



SNOOP DOGG: "What up to all the ladies hanging out in Mumbai."



ALICIA KEYS and **JACK WHITE** to duet on James Bond theme



Reality-show hosts to host **EMMYS**. Takeover complete



SAVED BY THE BELL jamboree! Screech to pen tell-all; Slater named host of *Extra*

SHOCKINGLY PREDICTABLE

Milestones



Randy Pausch

THERE WERE TIMES WHEN Randy Pausch's sheer exuberance, physical and spiritual, made it easy to imagine it would end some other way. We could watch his "Last Lecture" on YouTube,

receive the gift he was giving us and reject the idea that it would come at an ultimate price—that Pausch would indeed die one day of pancreatic cancer, as he did on July 25 at the age of 47.

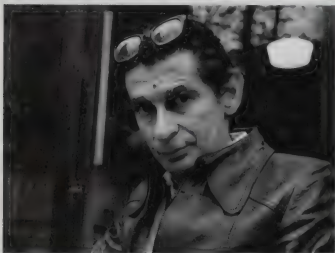
"You cannot change the cards you are dealt," he said, "just how you play the hand." With his child's smile and nimble brain and breath-takingly simple instructions tumbling out one after another, Pausch made the infernally complex machine that is modern life look as if anyone could put it together with the right tools and the right crib sheet. Come on, he seemed to say, you can do this; I have the secrets, and I'm

giving them to you—for free.

A popular computer-science professor at Carnegie Mellon University, he delivered his "Last Lecture" on Sept. 18, 2007. It became an Internet sensation, with a global audience charmed by his easy manner and insight, in awe of his complete lack of self-pity. It was as though he already knew more than he should, had dipped a ways into eternity and brought

back some pieces for the rest of us to use in whatever ways and for whatever time we can. The end of the lecture, it turned out, was just the beginning. —BY

NANCY GIBBS



Youssef Chahine

IN THE SPRAWLING, SEMI-autobiographical film *Alexandria... Why?*, someone says of the young hero, a would-be filmmaker, "The boy knows exactly what he wants. He'll make it." Youssef Chahine did make it—a busy, exemplary career that spanned nearly six decades of making movies, myths and trouble and ended when he died July 27, at 82, six weeks after suffer-

ing a cerebral hemorrhage.

Few of his 40-plus features achieved any kind of release in the U.S., and his only impact on Hollywood movies was that he made a star of a young Egyptian named Omar Sharif. But at film festivals, Chahine was for decades the prime, often the only, representative of an entire continent, Africa, and a world religion, Islam—though his family was Christian and his heritage Lebanese and Greek.

He was both a nationalist and an internationalist, both an art-house auteur and a director of movies that were popular from Morocco to Indonesia.

He made political points—sometimes anti-U.S., often against the Egyptian hierarchy—but his didacticism was typically overwhelmed by his irrepressible urge to entertain, whether with the underclass tragedy *Cairo Station* (1958) or with a delirious love story like *The Other* (1999). Influenced by Hollywood comedy, Italian neorealism and Indian musical melodramas, he tossed everything—ideas, people, whole nations and regions—up in the air for the intoxicated viewer to try to catch.

Adventurous American movie lovers should try tracking down these visions of a cosmopolitan filmmaker from the Arab world. Especially one reflecting the dreams and fears of a people whose popular culture is nearly unknown in the U.S.

—BY RICHARD CORLISS

DIED A dancer and actor, Barbara Ann Teer

quickly landed roles in 1960s Broadway shows like *Kwamina* and *Where's Daddy?* after she arrived in New York City. But she yearned for parts that would celebrate her heritage instead



of further perpetuating stereotypes. So in 1968, Teer founded the National Black Theatre in Harlem, where she became a staunch

advocate for African and African-American artists. Under Teer's stewardship, the institution evolved into a cornerstone of black culture. She was 71.

■ He was known as the "Little Giant" because of his diminutive stature, but **Johnny Griffin** was a musical talent of towering proportions. The Chicago-born tenor saxophonist made his name in the 1950s, collaborating with luminaries like John Coltrane, Thelonious Monk and Art Blakey. Dismayed by the ascendancy of free jazz (a genre he considered "noise") in the 1960s, Griffin fled to Europe, where he mesmerized audiences for decades. "I want to eat up the music like a child eating candy," he said. In turn, listeners devoured his unique sound, a melding of forceful tones and dazzling improvisation played at lightning speeds that earned him recognition as the "world's fastest saxophonist." Griffin was 80.

■ On April 18, 1945, with the Third Reich on the verge of collapse, Army Lieutenant **Michael Daly** was leading his company through Nuremberg, Germany, when it encountered machine-gun fire. Shielding his men, Daly crept forward alone and single-handedly vanquished 15 German troops in four separate firefights. For these acts of heroism, Daly was awarded the Medal of Honor, the military's highest decoration. Daly also earned three Silver Stars, two Purple Hearts and a Bronze Star during his service. He was 83.

White House Memo. With time running out, Bush and Rice look for breakthroughs abroad. What the diplomacy surge means for McCain and Obama

BY MASSIMO CALABRESI/WASHINGTON



Unilateral no more Rice has pushed the White House to work more closely with its allies, like the Bahrainis, above, on such issues as Middle East peace and curbing nuclear proliferation

A FEW DAYS BEFORE HE LEFT ON HIS EIGHT-country world tour, Barack Obama wanted to discuss the trip with an old contact in Washington: Secretary of State Condoleezza Rice. Obama's phone call was in part a courtesy, but over three years of occasional phone conversations, the two have quietly discussed everything from foreign aid to the Middle East and nuclear proliferation. Obama and Rice have come to have a certain respect for each other, says an Obama aide familiar with their conversations, because both take an intellectual, sober view of foreign affairs. "They've had good exchanges," the aide says. "Does he treat her as someone whom he has respect for? Absolutely. Does he listen to her on occasion? Absolutely."

The little-known Rice-Obama link is just the latest surprise in a summer of unexpected shifts in American foreign policy. Washington has dramatically changed course overseas, agreeing to diplomatic concessions it once derided as softheaded and dangerous—including the possibility of a phased withdrawal from Iraq. The

White House has embraced a more active approach to Arab-Israeli diplomacy that it long shunned and has boosted support for Pakistan's government in deference to State Department diplomats, a strategy that involves a renewed effort to capture Osama bin Laden. The shifts amount to an unmistakable effort to clean up President Bush's foreign policy legacy before he exits the stage. "This is bold strategic diplomacy," says former Reagan chief of staff Ken Duberstein, "with an eye to the history books."

The Administration's move away from saber-rattling is most evident with North Korea and Iran, two charter members of Bush's "axis of evil" that the Administration had long sought to isolate. In late June, U.S. negotiator Chris Hill agreed to remove North Korea from Washington's list of state sponsors of terrorism in return for an as-yet-unverified declaration of the components of Pyongyang's nuclear program and the disabling of a key reactor. Bush cleared the way for Rice's top diplomat, William Burns, to break with a long-standing policy and meet

face to face with the Iranians in Geneva on July 19. Rice says in public that these moves are the result of years of diplomacy, but a senior State Department official privately admits they are part of an effort to "push this thing as far as it can go" in the last six months of the Bush Administration.

Such moves signal the latest triumph of realism over ideology—and a victory for Rice and her diplomatic team over the neoconservatives led by Vice President Dick Cheney. Since Rice took the helm at State in 2005, she has steadily consolidated her authority over foreign policy. If her clout isn't absolute, it is approaching the veto-proof swat that Cheney enjoyed as the secret vicar of national security in 2002 and 2003.

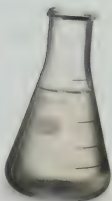
Meanwhile, Bush's cleanup campaign is scrambling the assumptions of both Obama and John McCain. Bush's endorsement on July 18 of a "horizon" for withdrawal from Iraq has isolated McCain, who once said he favored a 100-year presence there. And so he backpedaled, calling a 16-month withdrawal plan supported by Iraq's Prime Minister a "pretty good" timetable. Bush's new tactics may complicate the calculations of Obama as well. Even a symbolic troop drawdown in Iraq before the election could depress antiwar sentiment among Obama's most loyal voters. Obama knows that as troops are withdrawn, Bush's approval ratings will rise—giving Republicans up and down the ballot a possible boost. That bump will be far larger if bin Laden is captured or killed.

But for now, both candidates are clapping, if sometimes with one hand. Obama and his aides have said Hill's efforts in North Korea offer a model for dealing with other rogue regimes, and on his way back from Europe, Obama backed the Bush overture to Tehran, telling Reuters "the Iranians should take that gesture seriously." When he visited Palestinian President Mahmoud Abbas in Ramallah on July 23, Obama even endorsed Bush and Rice's three-track approach for an accelerated Arab-Israeli peace process and pledged to continue it if elected. McCain has also endorsed the Bush diplomatic moves, while stressing that they are the result of strategies that Obama opposed earlier.

No one expects Rice's diplomatic surge to work in every case—or even to produce visible results before the year's end—but the last-minute moves are already changing the landscape the next President will inherit. As for Rice, friends say she expects to return to Stanford next January no matter who wins the election. It may prove bittersweet to watch as a new President gets credit for policies she and Bush have promoted, but that is the price of embracing diplomacy so late in the game. At least, says the Obama aide, she can expect the phone calls to continue. ■

KING OF BERS

Anheuser-Busch is the world's largest user of BERS (Bio-Energy Recovery System), a process by which we capture biogas from the nutrient rich water left over from our brewing process and use it as an alternative fuel source. This cuts energy usage in the brewing process and saves energy at local treatment plants. Just the type of conservation effort we're looking to apply to many different parts of our company.



Angie Williams-Hollowell

ANGIE WILLIAMS-HOLLOWELL
SENIOR MANAGER, OPERATIONS
ANHEUSER-BUSCH, INC.

**PLEASE, JOIN US
OURPLEDGE.COM**

RECYCLING • WATER CONSERVATION • RENEWABLE ENERGY • WILDLIFE & HABITAT • EMPLOYEE INVOLVEMENT

© 2008 Anheuser-Busch, Inc. Budweiser® Beer



When Love Backfires

Reporters have a crush on Barack Obama. Could that help John McCain win the election?

IN THE CLOSING DAYS OF THE 1992 presidential campaign, President George H.W. Bush took to waving a bumper sticker with the slogan ANNOY THE MEDIA/ RE-ELECT BUSH. Four years later, Senator Bob Dole asked voters to "rise up" against media that were trying to "steal this election." Complaining about the liberal media is a signature of losing Republican campaigns. It doesn't work because whining doesn't look presidential and because annoying the media tends to be pretty low on voters' to-do lists.

But now John McCain, who once enjoyed excellent relations with reporters, is criticizing the press. Frustrated by his inability to get attention amid the wall-to-wall coverage of Barack Obama's foreign tour, McCain released a Web ad accusing journalists of nursing crushes on the Democrat. Among the ad's highlights: a clip in which NBC reporter Lee Cowan confesses that "it's almost hard to remain objective" while covering Obama because the energy of his campaign is so "infectious." The ad is lighthearted, but the McCain team's frustration is obvious.

Journalists have put up several lines of self-defense. Obama is on more magazine covers in part, they note, because those issues sell better than McCain covers. McCain is a familiar figure who has been involved in presidential politics for nearly a decade, while Obama's rapid rise—from state senator to presidential nominee in four years—is part of what makes him a compelling story.

That McCain's complaint is sometimes overstated and imprudent, however, does not mean that it is wrong. The political



press corps has a problem when Jon Stewart lampoons reporters for being even more in the tank for Obama than he is.

Why are the media so smitten with Obama? Journalists have an affinity for the Democratic nominee in part because he is a wordsmith and they make a living manipulating words and symbols, so they have a special appreciation for his gifts. But another part of the reason is, yes, plain old liberal bias. McCain was a press darling when he was a maverick dissenting from the Republican Party from points left. Obama has become one by succeeding as a down-the-line liberal. When McCain decided this time around to court conservative Republican voters as much as liberal reporters, the coverage of him became more critical. Notice a pattern?

At this point, denying that the press has a liberal tilt, particularly on social issues, is like denying that the universi- ties have one. Surveys of reporters show that they have more liberal views than

the public; surveys of the public show that readers and viewers pick up on it.

The silver lining for McCain is that the media's bias has sometimes backfired on liberals. One reason gun control and abortion have repeatedly been land mines for Democrats is that reporters never issued any warning signs. The press has long underestimated the political risks in liberalism. Obama's Reverend Wright fiasco was a case in point. Even though the two men had close ties, the press gave little scrutiny to the radical preacher for a year after Obama's campaign began. When attention finally came, Obama gave a speech that tried to shift the focus from their relationship to the rest of the country's racial wounds. He was rewarded with rapturous coverage. The

next day, the New York Times ran a "news analysis" calling the speech "hopeful, patriotic [and] quintessentially American" and comparing him to John F. Kennedy and Abraham Lincoln. It took a few more weeks for Obama to realize that he had to take the final step and repudiate Wright.

Media bias poses only one serious danger to McCain. One of Obama's standard tactics has been to predict that McCain would "play on our fears," "exploit our differences" and stir up "fake controversy" to win this fall. It's a clever move; it simultaneously paints McCain as a brute while making him think twice about hitting back—the harder McCain hits, after all, the more it will look as though he is stirring up fake controversy. Too many reporters have bought that spin, and that's a problem. McCain doesn't need reporters to fall out of love with Obama. But he does need to be allowed to make the case against the Democrat. ■

Surveys of reporters show that they have more liberal views than the public; surveys of the public show that readers and viewers pick up on it



Photograph by Albert Watson

Hank Paulson

**didn't
screw
up the
economy.
But he has
to fix it.**

BY JUSTIN FOX/WASHINGTON

IT IS LATE ON A SUMMER AFTERNOON, and Treasury Secretary Hank Paulson is sipping a Diet Coke in his giant corner office a patch away from the White House and doling out career advice. His secret to success? "You define your job expansively."

He practices what he preaches. Lured to Treasury from Goldman Sachs two summers ago by a President in need of domestic-policy credibility, Paulson has grabbed the rudder of a \$14 trillion national economy churning its way through a maelstrom. There's always a danger in attributing too much economic impact to one government official, and Paulson certainly shares responsibility with Federal Reserve Chairman Ben Bernanke and Congress—and with his boss, President George W. Bush. But if there is one person whose actions right now will determine whether the combination of crashing house prices, struggling lenders and punishingly high energy prices proves catastrophic for the U.S. economy, it is the man at Treasury.

Paulson made his reputation and his fortune on Wall Street as a dealmaker, and it is in crafting deals that he has distinguished himself in Washington. His most recent and most impressive such coup was the quick passage of a massive housing bill in late July over the objections of many Republican lawmakers and even some White House aides. The legislation gave Paulson something unprecedented and very expansive: a blank check from Congress that he and whoever succeeds him at Treasury can use until the end of 2009 to bail out or take over Fannie Mae and Freddie Mac, the troubled government-created firms that at the moment are funding the vast majority of mortgage loans being made in the U.S.

Dealmaker *Unlike his two predecessors, Paulson brings Wall Street credibility to the job*

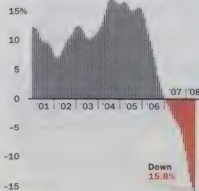
4 Anxiety Benchmarks How the economic pain is piling up



1 Housing

After years of double-digit growth, home prices are crumbling. About 3 out of every 50 owners are behind on their mortgages; foreclosures are spreading

Percentage change in home prices from one year earlier
S&P/Case-Shiller 20-city index, monthly



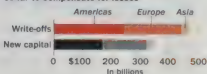
2 Banks

When banks repossess a home, they're often stuck with a property worth less than its mortgage. This has added up to hundreds of billions in losses—so far

Percentage of home mortgages being written off as losses by U.S. commercial banks



Total bank write-offs and capital raised so far to compensate for losses



It's been an impressive performance, especially coming from a member of the lame-duck Administration of an unpopular President. What's not at all certain, though, is whether it's all going to work—to revive housing, prevent recession and avert a future mortgage bailout of epic, trillion-dollar proportions. The candidates for President are watching closely: both Barack Obama and John McCain have generally endorsed Paulson's actions, but it's clear that—with Obama's candidacy propelled in part by economic discontent—McCain has a greater stake in the current Administration's success. Either way, the next President's options will be determined in large part by what Paulson can pull off in the next few months.

Picking Up the Phone

THE FIRST TWO TREASURY CHIEFS OF THE Bush years never pulled off much at all. Paul O'Neill, the former CEO of aluminum maker Alcoa, battled with the White House over deficit spending (he wanted less of it) and lost. His successor, John Snow, former CEO of railroad giant CSX, toed the Administration's low-tax, antiregulation line so faithfully as to be almost invisible.

Paulson, 62, came to the job with a bit of Washington experience, dating to the Nixon White House. He had just spent seven years running Goldman Sachs, the current cream of Wall Street firms (and also the place that prepared Robert Rubin for his successful 1990s tenure at Treasury). But the key to understanding Paulson's approach is that he spent the bulk of his career not as a manager but as an investment banker. What a good investment banker does is build relationships—chiefly with the CEOs of companies whose business he is courting, but also with anybody else who can help make deals happen.

"Let me just say this—I believe in re-

lations," he intones during a lengthy interview in his office. A 6-ft. 1-in. (1.85 m) former Dartmouth football star with a permanently hoarse voice and a direct manner, Paulson doesn't go out of his way to be ingratiating. He does go out of his way to keep the conversation going. "I spend a lot of time on the phone," he says. "I find I assimilate information by talking to people and getting inputs from many people. I always said to my kids, 'Don't assume.' I say to the people here, 'Don't assume. Pick up the phone and call and talk to people.'"

Building a rapport with President Bush was Paulson's first priority upon taking office. But he also set out to build or reinforce strong ties with the Fed's Bernanke, other Cabinet members, his counterparts overseas, Wall Street CEOs and—perhaps most important—congressional Democrats. Before his appointment, Paulson had been a generous donor to Republican candidates. But he refused to campaign for Republicans in the 2006 congressional elections—a decision that endeared him to the new leadership after the Democrats swept to victory.

During his first year in office, Paulson's most high-profile relationship-building efforts were with the Chinese govern-

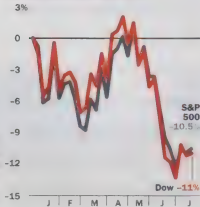
ment, in a series of top-level meetings in Beijing and Washington. These weren't a flop—Paulson proudly points to the failure of anti-China trade legislation in Congress and the 20% rise in the yuan vs. the dollar—but they weren't a dramatic success either. Then came trouble, which spread from subprime mortgages to financial markets in general in August 2007. The chief connection was that subprime loans—those sold to less qualified borrowers—were purchased and repackaged by Wall Street into supposedly low-risk investment products called collateralized debt obligations (CDOs). When shaky borrowers began defaulting en masse on their mortgages, the whole scheme unraveled.

The President's Working Group on Financial Markets, an interagency collection of regulators led by Paulson, had actually been looking into potential problems with hedge funds and derivatives. But they missed CDOs. Paulson terms the oversight "obvious after the fact." Not so, say some observers. "I've got a lot of respect for Paulson and his credentials," says Glenn Hubbard, who was chairman of the President's Council of Economic Ad-





Percentage change in major stock-market indexes since Jan. 1



3 Stocks

Big losses at banks hurt their stock prices. Tighter lending leads to lower spending by companies and consumers. Markets fall in anticipation of lower profits

visers in the early Bush years and is now dean of Columbia Business School. "But this looks like the Fed and Treasury were lurching from crisis to crisis, when much of this was forecastable."

Early on, it was Bernanke and the Federal Reserve that took the lead, with various measures meant to keep financial markets functioning and banks lending. But as house prices kept dropping, the problem began to shift. It was no longer just that financial institutions were wary of lending but also that some would go under from the losses they were taking on mortgages and mortgage-related securities.

For banks and thrifts, there are well-defined procedures for dealing with insolventcies through the Federal Deposit Insurance Corp. But much of the financial action in recent years has moved to companies for which there is no such shutdown plan. When Wall Street firm and major mortgage player Bear Stearns experienced something akin to a bank run in March, the solution that Paulson and Bernanke came up with was a hastily arranged sale to JPMorgan Chase & Co., backed by a \$29 billion guarantee from the Fed. The Fed is responsible for keeping prices stable and credit flow-

ing. Bailing out troubled lenders to prevent a financial meltdown is a entirely different kind of job, one that most economists say belongs in the hands of Treasury and Congress—in part because they're more directly accountable to taxpayers.

Treasury Takes Charge

PAULSON DOESN'T DISAGREE, AND THE legislation to backstop Fannie Mae and Freddie Mac—the government-created, shareholder-owned corporations that buy the bulk of U.S. mortgages and repackage them as securities—can be seen as the first big step toward Treasury's taking the cleanup job out of the Fed's hands. Fannie and Freddie owe or guarantee immense quantities of debt (\$5.2 trillion, or almost as much as the Federal Government owes investors) but hold only tiny capital reserves to insure against losses. With house prices down 18% nationally since mid-2006 and defaults rising, worries were growing that they might be insolvent.

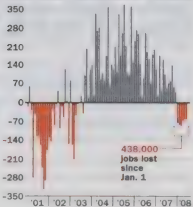
Paulson says that unlike the situation with Bear Stearns, there was never a moment when the two firms appeared in imminent danger of failure. But he saw far more dire potential consequences than



4 Employment

Companies begin shedding jobs as sales wobble and investors press for profits. The losses have been mild so far by historical standards

Jobs created or lost since 2001
Monthly change in nonfarm payrolls, in thousands



in the case of Bear. "Their securities move like water among all of the financial institutions," he says of Fannie and Freddie. If holders ranging from central banks in Asia to community banks in Iowa had lost confidence, the ensuing sell-off might have been catastrophic.

On a more mundane level, Paulson was aware that Congress had only a few weeks left in session. There was already a housing bill well along in the legislative process that provided for a new, tougher regulator for Fannie and Freddie (among many other things). So Paulson jumped into action. On Friday, July 11, he met twice with President Bush, bypassing White House economic advisers who opposed any kind of taxpayer bailout. Over the weekend, he talked to congressional leaders. And all along, he was consulting with Bernanke. On Sunday the 13th, Paulson made the dramatic announcement on the steps of the Treasury building that he was seeking an unlimited line of credit to backstop Fannie and Freddie, plus the authority to buy shares in the companies. Within two weeks, Congress delivered. The President signed the measure into law July 30.

"I think that we were stampeded into panic legislating," says Spencer Bachus, the ranking Republican on the House Financial Services Committee, who voted against the bill. But that's the loser's perspective. In Paulson's view, Congress was simply doing what made sense. "The more flexibility I have, the more confidence that gives to the market, the less likelihood the authorities will be used and the better for the taxpayers," he says. In other words, Trust me. Do we have much of a choice? —WITH REPORTING BY MICHAEL DUFFY/WASHINGTON

Housing summit Paulson, far left, meets with President Bush to discuss the mortgage crisis





Joe Klein

The Recession Election. To solve this crisis, the next President will have to make government work again

IN AN ECONOMIC-POLICY SPEECH ON July 7, John McCain promised to balance the federal budget, sort of. Actually, he said he would "demand" a balanced budget, but he never quite got around to saying how he would balance it. This set off a reflexive think-tank hiccup of outrage of the sort we've been living with since the days of Ronald Reagan. McCain's claim that he could achieve balance by cutting government spending elicited an immediate and justifiable *Yeah, right* from the experts. As always, he was fixated on cutting little things, the so-called earmarks that our legislators put in to provide funds for museums commemorating the harmonica and to build bridges to nowhere. A worthy crusade, a hardy McCain perennial, but one that would net only about \$20 billion per year. Meanwhile, McCain was also proposing to extend the Bush tax cuts and add others, including a significant corporate-tax-rate cut, which would subtract about \$300 billion. "McCain has set a responsible goal," said Bob Bixby of the deficit-obsessed Concord Coalition, "but he has no plausible way to achieve it. His budget would actually move things in the opposite direction, away from balance."

Debates about budget policy have rested in this comfortable if unedifying rut for too long. In fact, the most striking thing about McCain's plan was how closely it mimicked the dismal debates of over 20 years ago, when Congress passed massive tax cuts and then patted on Band-Aids like Gramm-Rudman-Hollings legislation to compel reductions

in spending that never materialized. The mildewy whiff of McCain's economic policies intensified three days after the budget speech, when Phil Gramm himself appeared, in his capacity as McCain's economic guru, and pronounced that the country was in the midst of a "mental recession"—i.e., not a real one. He was sent packing, posthaste.

And then, on July 28, Barack Obama held an economic summit with his covey of advisers—people like Bob Rubin, Larry Summers, Warren Buffett, Bob Reich; experts who seemed a sedimentary layer more recent than McCain's crowd but still more a part of the past than of the future. They had cleaned up the Reagan-era mess. They had actually balanced the budget and created a surplus. They had—contra voodoo—raised taxes and yet produced an economic boom. There was a fair amount of argument behind closed doors, I'm told, between the two groups that sparred at the dawn of the Clinton era, the deficit hawks and the populists. In the end, though, there was a general agreement on the need for more government activism. Obama isn't even pretending to balance the budget. His claim to pay for the things he proposes rests on loaves-and-fishes premises, especially the prospect of a Congress mesmerized into acquiescence on controversial issues like raising taxes to Clinton-era levels and closing corporate loopholes. But Obama's economic proposals—especially the \$21 billion per year he wants to spend on alternative energy and infrastructure projects—represent an acknowledgment that the economic conversation has to change, that the old order faileth.

I suspect that this debate, more than foreign policy, health insurance or low-information trivia, will be at the heart of the general-election campaign. We are at a moment of real economic peril, a recession different from most because it is happening at a hinge of history, as



economic power becomes distributed more evenly around the world. It also is happening at the end of the political pendulum swing that began with Reagan's remarkably foolish statement in his first Inaugural Address: "Government is not the solution to our problem; government is the problem."

Reagan's nostrum has been the guiding philosophy of the past 30 years, a period of disdain for governance—even Bill Clinton said, "The era of Big Government is over"—that reached its nadir in the sloppiness of the current Bush Administration. It is an era that has been marked by a growing disconnect between the very rich and the middle class (median family income has dropped by an estimated \$1,000 during the Bush years). And it is an era when even the most rudimen-

Obama isn't even pretending to balance the budget. But his proposals are an acknowledgment that the economic conversation has to change

Brain trust Obama's economic advisers, shown on July 28, include Google CEO Schmidt, former Fed chairman Volcker and former Treasury Secretaries O'Neill, Rubin and Summers



tary responsibilities of government have been neglected—like keeping up the country's infrastructure, and not just its roads and bridges but also its educational, energy, information and research infrastructures. "The American Society of Civil Engineers estimates that we're going to have to spend \$1.6 trillion over the next five years to rebuild our infrastructure," says Janet Kavinsky of the U.S. Chamber of Commerce, an organization not known for its radical leftist leanings. "We've let things lapse for 20 years. The pipes, wires, asphalt, bridges and radar systems are old, and everything seems to be falling apart at once."

Infrastructure is an ugly word—unless the bridge you take to work just collapsed. In politics, it has become a euphemism for pork-barrel spending. In

the pre-Newt era of Democratic congressional dominance, it smacked of payoffs to big city machines and construction unions. That is one of the reasons Democratic candidates for President have soft-pedaled this basic governmental responsibility in the Reagan pendulum cycle. In the 2000 campaign, Al Gore proposed a new sort of infrastructure spending: a massive alternative-energy program—\$15 billion a year for 10 years—to replace the country's dependence on fossil fuels like oil and coal. You may not remember this plan, because Gore's political consultants decided it didn't "test" well. It has now been revived by Obama, who has been logging a lot of phone time with Gore. But Obama has changed the emphasis a bit to promote "green collar" job development, like pro-

grams to retrofit public buildings to conserve energy. Obama also has a new take on traditional infrastructure spending, designed to limit cronyism: a \$6 billion-per-year federal infrastructure bank, where loans to states and localities would have to be approved by a bipartisan board of governors appointed by the President and confirmed by Congress.

McCain has acknowledged some of these problems—especially the need for a new energy policy—but he doesn't seem to have a comprehensive strategy. (McCain's economic adviser Douglas Holtz-Eakin didn't respond to my calls.) McCain's energy answers are often traditional—drilling for oil offshore, building new nuclear-power plants—and occasionally courageous. To the dismay of most Republicans, he supports a cap-and-trade program to limit carbon emissions, although the candidate himself seems not to fully understand that a hidden carbon tax is involved. McCain's opposition to disgraceful boondoggles like the farm bill, which Obama favored, is a real strength, as is his clarity about the economic advantages of free-trade agreements—a weak dollar makes exports the most promising area of economic growth. But for every proposal, there is a conflicting counterproposal: McCain wants alternative-energy research and development, but he would freeze non-discretionary domestic spending, which would limit the government's puny alt-energy efforts. "He hasn't talked very much about his vision for modernizing American infrastructure," says Kavinoky. "It's been a disappointment."

Obama's path certainly has risks. As conservatives always—rightly—warn, government isn't nearly as efficient as the market in figuring out the most effective new technologies. Spending money on infrastructure may prove inflationary given the current size of the deficit—although \$21 billion per year doesn't seem all that much after an Administration that spent \$70 billion per month in Iraq. "You can argue that there's a need for short-term deficit spending," says one of Obama's economic advisers, "but in the end, he's going to have to get back to fiscal responsibility." Ultimately, the public's decision on Barack Obama won't rest so much on his race or exotic-sounding name as on the willingness to take a chance on a candidate who is promising a real break from the recent past—a government that is part of the solution, not part of the problem. ■

A Voter's Guide to the Economy. How Obama and McCain propose to create jobs and ease the pain on Wall Street and Main Street

BY KRISTINA DELL AND ALEXANDRA SILVER



CONSUMER CONFIDENCE IS AT an all-time low, and many Americans are struggling to avert foreclosure as they fork over \$4 a gallon for gasoline. That's why the U.S. economy has grabbed center stage this campaign season. The ultimate test: How would the candidates put more money in your pocket while dealing with a record estimated budget deficit of \$482 billion? Here's where the candidates stand on four key issues:

DEMOCRAT

Barack Obama

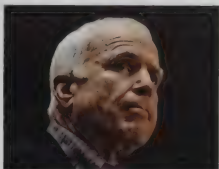


'The core of our economic success is ... each American does better when all Americans do better.'

Obama sees a more active role for government in job creation. In the short term, he supports a second stimulus package in addition to the \$168 billion one already passed.

REPUBLICAN

John McCain



'Small businesses are the job engine of America, and I will make it easier for them to grow.'

McCain portrays himself as a traditional fiscal conservative, emphasizing tax cuts and a balanced budget. He has not weighed in on a second stimulus plan.

TAXES

The 2001 and 2003 Bush tax cuts are set to expire in 2010. What are the candidates' new tax proposals?

He would end Bush's tax cuts for families making more than \$250,000 and raise the capital-gains tax rate to 25% from 15%. He wants yearly tax credits of \$500 for individuals and \$1,000 for families.

He would make Bush's tax cuts permanent, abolish the alternative minimum tax and reduce the corporate tax rate to 25% from 35%. He may be open to the possibility of a higher Social Security payroll tax.

SPENDING

The next President will inherit a record budget deficit, estimated at \$482 billion. What are the candidates' positions on the federal budget?

He favors "pay-as-you-go" accounting so new spending of tax cuts are offset by program cuts or increased revenue, but he hasn't said how he would pay for all his tax proposals or universal-health-care plan.

He would end earmarks and stop "waste, fraud and abuse" to recoup hundreds of millions. But it's unclear how. The former budget stickler has proposed costly tax cuts, but his spending cuts don't add up.

REGULATION

Unregulated Wall Street products like CDOs contributed to the financial crisis. How would the candidates change regulation in the financial industry?

He calls for "a 21st century regulatory framework" based on six principles to improve government oversight, including extending the Fed's purview and tightening regulation of mortgage companies.

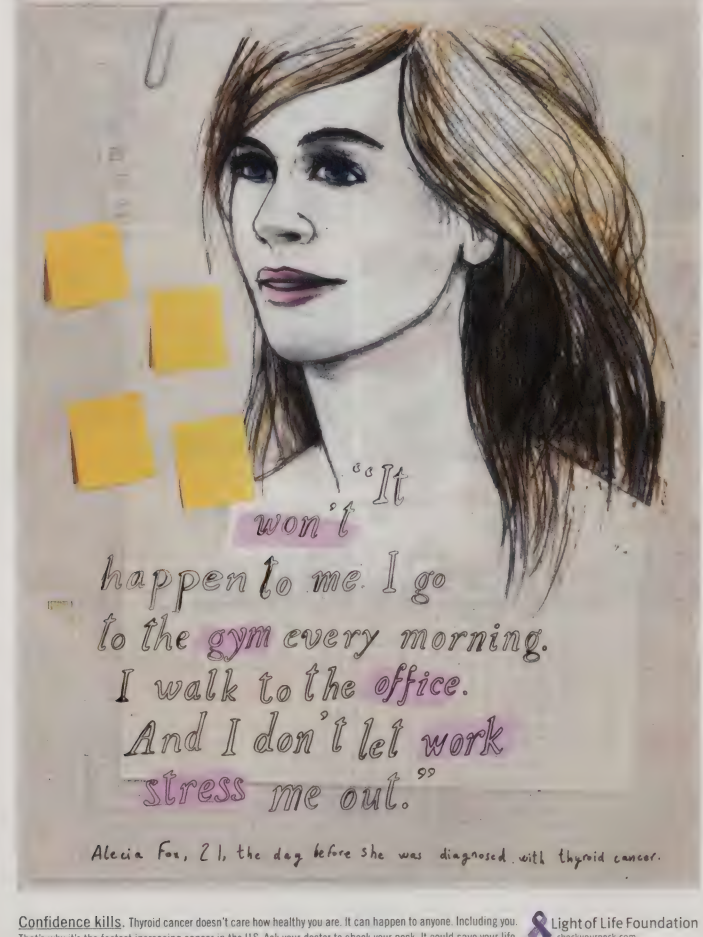
He talks about "removing regulatory ... impediments to raising capital" yet also calls for reforms to "assure transparency, prevent abuse and protect the public interest." Highlights mortgage-industry reforms.

MORTGAGE HELP

President Bush signed a sweeping housing bill into law on July 30. Both candidates missed the vote, but do they feel at home with it?

He has voiced support for the bill, which provides \$300 billion in guarantees for mortgage renegotiations and stands behind the obligations of Fannie Mae and Freddie Mac, among other provisions.

He has emphasized helping those who were bilked into bad mortgages rather than the overleveraged. He also supported the bill but ultimately wants Fannie and Freddie to go fully private—or away.



*"It
won't
happen to me. I go
to the gym every morning.
I walk to the office.
And I don't let work
stress me out."*

Alicia Fox, 21, the day before she was diagnosed with thyroid cancer.

Confidence kills. Thyroid cancer doesn't care how healthy you are. It can happen to anyone. Including you. That's why it's the fastest increasing cancer in the U.S. Ask your doctor to check your neck. It could save your life.



Light of Life Foundation
checkyourneck.com



Buying Oakland has been trending Democratic for the past decade



McCain country Affluent voters appreciate his downplaying of social issues



Slow business Patrons at a near empty doughnut store in Pontiac



Selling Another home goes begging in Oakland County

CAMPAIGN '08

Michigan Blues

A dreadful economy has Michiganders looking for change in Washington, but doubts about Obama make this Democratic state a toss-up

BY AMY SULLIVAN/ROYAL OAK



The New Battlegrounds
Oakland County, Mich.

in the past decade. Ford just posted the worst quarterly loss in its 105-year history, and GM announced it was closing or converting plants. More than 1 of every 20 mortgages is in or near foreclosure, and at 8.5%, Michigan's unemployment rate is the highest in the nation.

But to fully grasp why the economy is the first, last and only issue on the minds of Michigan voters this year, one fact reveals all: two months after the Detroit Red Wings won the Stanley Cup, there is no waiting list for season tickets.

Michigan has gone Democratic in every presidential election cycle since 1988—but it could surprise this time around. While Democrats usually benefit when economic concerns dominate an election, Barack Obama is running only a few points ahead of John McCain in statewide polls, a margin neither side considers safe. Adding to Obama's challenges is the fact that several

of the state's Democratic leaders are wildly unpopular, under indictment or both.

The battle for Michigan is coming down to leafy, affluent Oakland County, a once solidly Republican bastion that has grown more Democratic in recent years. Oakland is one of the new battlegrounds of 2008—a handful of counties in must-win swing states that weren't pivotal a decade ago but are where the election will be lost or won this year. Though nearby Macomb County gave rise to Reagan Democrats nearly 30 years ago, it is the more upscale Oakland that holds the key to Michigan now.

Directly northwest of Detroit, Oakland County is the center of wealth in Michigan—it's where Eminem moved after he made his millions—and has escaped the worst of the prolonged slump. When the Pistons relocated from Detroit, they chose Auburn Hills for their new home. Mitt Romney grew up in Bloomfield Hills (which may move him up the list of likely McCain running mates) and attended Cranbrook, the county's toniest private school. Madonna (but not her accent) hails from Rochester Hills.

Despite its wealth, Oakland is feeling pain from the economic downturn. The most recent round of auto-industry cuts has walloped white collar engineers and researchers who call Oakland County home. Take a drive through the hardest-hit neighborhoods, and you'll see blocks on which one third or more of the houses have a FOR SALE sign planted in their front yard. The mix of layoffs and a depressed real estate market has forced some highly trained workers to take jobs in other states and leave their families behind in unsold homes.

On paper, Oakland should be McCain territory. His politics don't emphasize the kind of social conservatism that has driven many of the county's Republican voters away from the GOP in recent years. And he's a known quantity—independents and Democrats cast votes for him in the 2000 GOP primary to spite then governor John Engler, who had promised to deliver the state for George W. Bush. "A lot of people still have an affinity for John McCain," says Oakland University political scientist David Dulio. "They voted for him once, and he might be able to take advantage of that."

But this year McCain's approach to the economy may be squandering that reservoir of goodwill. During a primary-campaign stopover, he offered a straight-talk diagnosis: "Some jobs that have left Michigan are not coming back." He has since tried to massage the message, but that task was made more difficult during a visit with GM workers, which McCain spent explaining why one of his closest advisers had just dismissed concerns about the economy as a "mental recession."

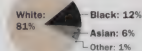
Obama has potholes of his own to fill. Michiganders didn't take kindly to being made the villain in Obama's oft told tale of how he had the courage to go to Detroit and say the auto industry needed to raise fuel-efficiency standards. It was an obvious way to establish his reputation as a "different kind of politician." But it didn't help his relative weakness among blue collar voters. Now Obama has to run up a healthy margin among Oakland's affluent independents and Republicans, who have



Inside Oakland County

PROFILE

1.2 million residents



10% of county residents were born in another country

3% are Hispanic

Median household income: OAKLAND COUNTY \$64,293; U.S. \$46,326

Unemployment rate: 7.2% (Oakland County), 5.5% (U.S.)

Poverty rate: 7.8% (Oakland County), 12.7% (U.S.)

28,000

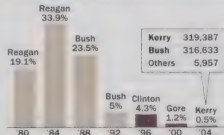
jobs have been lost in Oakland County since March 2003

12,387

county homes are in foreclosure—about 24 of every 1,000

POLITICS

Margin of victory since 1980 for the presidential candidate who won Oakland County



McCain CARRIES IF ...

Voters go with known quantity as unpopular local Dems hurt Obama

Obama CARRIES IF ...

McCain underestimates economic crisis and moderate Republicans cross over

been crossing over to vote Democratic in recent elections. David Woodward, the county Democratic chairman, says many potential Obama supporters "are really moderate Republicans. They're pro-choice. Their hairstylists are gay. They don't get worked up about teaching evolution."

The other challenge Obama faces in Oakland is Michigan's tainted Democratic brand. Democratic governor Jennifer Granholm has an approval rating of only 20%. And in Detroit, which lies just on the other side of 8 Mile Road, Mayor Kwame Kilpatrick faces a long litany of legal and ethical woes stemming from his affair with a co-worker. Kilpatrick had to post a \$7,500 bond to remain out of jail and take a court-ordered drug test. Republicans hope a weakened Democratic machine in Detroit will hamper Obama's effort in the fall. "Obama will have to go in himself and build his own machine," predicts GOP state-party chair Saul Anuzis. It's a fairly safe bet that the nation's first black presidential nominee will turn out the vote in the country's most predominantly black city. But the danger for Obama is that years of scandalous headlines about a young black man in power in Detroit will have a much subtler impact on the way suburban voters view Obama's candidacy. As longtime Democrat David Bonior notes, "Often there's a reaction against Detroit in Oakland County."

That may explain why Obama and his wife have visited the state five times since he clinched the Democratic nomination and have made more stops in Oakland County than in any other part of the state. McCain has been to Michigan six times since mid-March, stopping in Oakland once. By mid-July, the two campaigns had spent at least \$5.6 million on television advertising in the state. And as the economy has worsened this summer, both candidates have talked of shifting Michigan to a greener economy and developing biofuels and electric cars in lieu of SUVs and trucks. The Big Three are slowly moving in that direction, which could benefit engineers and researchers who live in Oakland, even if it means additional lost positions for line workers in Macomb and Wayne counties.

What is certain is that Obama's 4-point lead in recent statewide polls means little in a state with a tradition of making last-minute decisions. Both Obama and McCain are digging in early to persuade the state's struggling voters to take a chance on them in November. Until they decide, voters can agree on one cause to root for this fall. Billboards around the metro area advertise Lions season tickets for the recession-rare bargain price of \$230.

How to Fix Capitalism

In these tough times, it's easy to forget that during the past century, the world has gotten better. But billions have not been able to benefit from capitalism's miracle. Here's how to help them

BY BILL GATES

CAPITALISM HAS IMPROVED THE lives of billions of people—something that's easy to forget at a time of great economic uncertainty. But it has left out billions more. They have great needs, but they can't express those needs in ways that matter to markets. So they are stuck in poverty, suffer from preventable diseases and never have a chance to make the most of their lives. Governments and nonprofit groups have an irreplaceable role in helping them, but it will take too long if they try to do it alone. It is mainly corporations that have the skills to make technological innovations work for the poor. To make the most of those skills, we need a more creative capitalism: an attempt to stretch the reach of market forces so that more companies can benefit from doing work that makes more people better off. We need new ways to bring far more people into the system—capitalism—that has done so much good in the world.

There's much still to be done, but the good news is that creative capitalism is

already with us. Some corporations have identified brand-new markets among the poor for life-changing technologies like cell phones. Others—sometimes with a nudge from activists—have seen how they can do good and do well at the same time. To take a real-world example, a few years ago I was sitting in a bar with Bono, and frankly, I thought he was a little nuts. It was late, we'd had a few drinks, and Bono was all fired up over a scheme to get companies to help tackle global poverty and disease. He kept dialing the private numbers of top executives and thrusting his cell phone at me to hear their sleepy yet enthusiastic replies. As crazy as it seemed that night, Bono's persistence soon gave birth to the (RED) campaign. Today companies like Gap, Hallmark and Dell sell (RED)-branded products and donate a portion of their profits to fight AIDS. (Microsoft recently signed up too.) It's a great thing: the companies make a difference while adding to their bottom line, consumers get to show their support for a good cause, and—most important—

creative + capitalism

cre-ative adj.
marked by the ability or power to create
having the quality of something imaginative

cap-i-tal-ism n.
an economic system marked by private ownership, in which a free market distributes goods

creative capitalist



Doing Well by Doing Good

For a roundtable interview with creative capitalists, go to time.com/creativecapitalists, and for Rick Stengel's exclusive interview with Bill Gates, go to time.com/gatespeaks



lives are saved. In the past year and a half, (RED) has generated \$100 million for the Global Fund to Fight AIDS, Tuberculosis and Malaria, helping put nearly 80,000 people in poor countries on lifesaving drugs and helping more than 1.6 million get tested for HIV. That's creative capitalism at work.

Creative capitalism isn't some big new economic theory. And it isn't a knock on capitalism itself. It is a way to answer a vital question: How can we most effectively spread the benefits of capitalism and the huge improvements in quality of life it can provide to people who have been left out?

The World Is Getting Better

IT MIGHT SEEM STRANGE TO TALK ABOUT creative capitalism when we're paying more than \$4 for a gallon of gas and people are having trouble paying their mortgages. There's no doubt that today's economic troubles are real; people feel them deeply,

and they deserve immediate attention. Creative capitalism isn't an answer to the relatively short-term ups and downs of the economic cycle. It's a response to the longer-term fact that too many people are missing out on a historic, century-long improvement in the quality of life. In many nations, life expectancy has grown dramatically in the past 100 years. More people vote in elections, express their views and enjoy economic freedom than ever before. Even with all the problems we face today, we are at a high point of human well-being. The world is getting a lot better.

The problem is, it's not getting better fast enough, and it's not getting better for everyone. One billion people live on less than a dollar a day. They don't have enough nutritious food, clean water or electricity. The amazing innovations that have made many lives so much better—

like vaccines and microchips—have largely passed them by.

This is where governments and nonprofits come in. As I see it, there are two great forces of human nature: self-interest and caring for others. Capitalism harnesses self-interest in a helpful and sustainable way but only on behalf of those who can pay. Government aid and philanthropy channel our caring for those who can't pay. And the world will make lasting progress on the big inequities that remain—problems like AIDS, poverty and education—only if governments and nonprofits do their part by giving more aid and more effective aid. But the improvements will happen faster and last longer if we can channel market forces, including innovation that's tailored to the needs of the poorest, to complement what governments and nonprofits do. We need a system that draws in innovators and businesses in a far better way than we do today.

Naturally, if companies are going to get more involved, they need to earn some kind of return. This is the heart of cre-

A Brief History of Creative Capitalism

BY BARBARA KIVIAI

1799

Welshman **ROBERT OWEN** buys a cotton mill in New Lanark, Scotland, where he institutes social reforms like setting up a fund for sick workers and not employing children younger than 10. When investors grow worried about what these changes cost, Owen, who thinks a 5% return on capital is plenty, finds new business partners happy to trade some profit for workers' benefit.

Cadbury's Bournville Village offered open space rather than cramped urban quarters

1831

JOHN CADBURY, a British Quaker and Temperance Society member, starts selling drinking chocolate as an alternative to alcohol. Concerned by squalid living conditions in industrial England, his son George in 1893 buys land for a village to offer factory workers cottage homes, adult education classes and swimming pools—paternalistic progressiveness found in many Victorian company towns.



1889

Steel magnate **ANDREW CARNEGIE**, the richest man of his day, writes the essay "The Gospel of Wealth." He says millionaires ought to act as trustees for the poor and that after a man accumulates a great fortune, he should further feed capitalism by giving it all away, establishing institutions—like libraries, parks and universities—that help people better themselves. Carnegie endows 2,509 libraries and sheds 90% of his wealth before he dies.

1914

HENRY FORD starts paying workers \$5 a day, double the industry standard. He sees it as a way to turn workers into customers, but he is roundly criticized. The *New York Times* dismisses the plan as "distinctly utopian" and "foredoomed to failure," while the *Wall Street Journal* accuses his company of having "committed economic blunders, if not crimes" and employing "spiritual principles where they don't belong."

1931

ADOLF BERLE and **MERRICK DODD**, two law professors, debate a corporation's purpose in the *Harvard Law Review*, setting the terms of a discussion for decades to come. Berle holds that executives must act first and foremost in the interest of their shareholders; Dodd says there is room to take into account other groups, like workers, customers and communities.

1960

Addressing an HP management-training session, computer pioneer **DAVE PACKARD** says:



Professors Berle, wearing hat, and Dodd, near left, debated the purpose of the corporation



ative capitalism. It's not just about doing more corporate philanthropy or asking companies to be more virtuous. It's about giving them a real incentive to apply their expertise in new ways, making it possible to earn a return while serving the people who have been left out. This can happen in two ways: companies can find these opportunities on their own, or governments and nonprofits can help create such opportunities where they presently don't exist.

What's Been Missed

AS C.K. PRAHALAD SHOWS IN HIS BOOK *The Fortune at the Bottom of the Pyramid*, there are markets all over the world that businesses have missed. One study found that the poorest two-thirds of the world's population has some \$5 trillion in purchasing power. A key reason market forces are slow to make an impact in developing countries is that we don't spend enough time studying the needs of those markets. I should know: I saw it happen at Microsoft.

For many years, Microsoft has used corporate philanthropy to bring technology to people who can't get it otherwise, donating more than \$3 billion in cash and software to try to bridge the digital divide. But our real expertise is in writing software that solves problems, and recently we've realized that we weren't bringing enough of that expertise to problems in the developing world. So now we're looking at inequity as a business problem as well as something to be addressed through philanthropy. We're working on projects like a visual interface that will enable illiterate or semilliterate people to use a PC instantly, with minimal training. Another project of ours lets an entire classroom full of students use a single computer; we've developed software that lets each student use her own mouse to control a specially colored cursor so that as many as 50 kids can use one computer at the same time. This is a big advance for

schools where there aren't enough computers to go around, and it serves a market we hadn't examined before.

Cell phones are another example. They're now a booming market in the developing world, but historically, companies vastly underestimated their potential. In 2000, when Vodafone bought a large stake in a Kenyan cell-phone company, it figured that the market in Kenya would max out at 400,000 users. Today that company, Safaricom, has more than 10 million. The company has done it by finding creative ways to serve low-income Kenyans. Its customers are charged by the second rather than by the minute, for example, which keeps down the cost. Safaricom is making a profit, and it's making a difference. Farmers use their cell phones to find the best prices in nearby markets. A number of innovative uses for cell phones are emerging. Already many Kenyans use



GM gadfly Nader started a group that tried to get public representatives on the firm's board



"Many people assume, **wrongly**, that a company exists simply **to make money**. While this is an important result of a company's existence, we have to go deeper and find **the real reasons** for our being ... People get together and exist as ... a company so that they are able to accomplish something collectively that they could not accomplish separately—they **make a contribution to society**."



1962

DAVID ROCKEFELLER, president of Chase Manhattan Bank, says in a speech at the American Philosophical Society, "The old concept that the owner of a business had a right to use his property as he pleased to maximize

profits has evolved into the belief that ownership carries certain binding social obligations. Today's manager serves as trustee not only for the owners but for the workers and, indeed, for our entire society." Around the same time, economist Theodore Levitt complains in the *Harvard Business Review* that it is no longer "fashionable for the corporation to take gleeful pride in making money. What is fashionable is for the corporation to show ... that it exists 'to serve the public.'"

1970

Three thousand people show up to **GM's** annual meeting as stockholders vote on two **RALPH NADER**-endorsed resolutions to elect public representatives to the board and establish a committee on corporate responsibility.



Partly in response, economist **MILTON FRIEDMAN** writes "The Social Responsibility of Business Is to Increase Its Profits." He argues that a firm's duty is to its stockholders—laying the groundwork for a wave of executives unapologetic about being profit-minded.

1976

Twenty-three companies start **THE 5% CLUB**, now the Minnesota Keystone Program, to encourage businesses to give a set percentage of their pretax earnings to charity. Among the 220 current members, which donate either 2% or 5%: General Mills, Target, Medtronic, Cargill, Northwest Airlines, Comcast and KPMG.

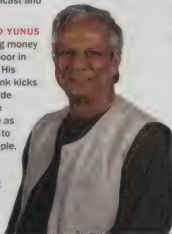
MUHAMMAD YUNUS starts lending money to the rural poor in Bangladesh. His Grameen Bank kicks off a worldwide movement in microfinance as lenders start to see poor people, especially women, not as bad credit risks but as profitable customers.

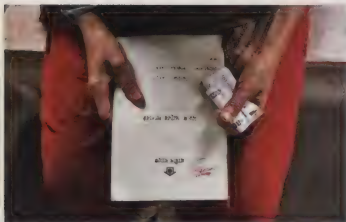
1983

AMERICAN EXPRESS starts using the phrase "cause-related marketing" to refer to the practice of enticing customers to buy products by promising to make a donation to a cause each time they do. A campaign to raise money to restore the Statue of Liberty is the first high-profile example.

1988

Hedge-fund manager **PAUL TUDOR JONES** starts the Robin Hood Foundation to address poverty in New York City. The era of venture philanthropy begins as charitable endeavors are increasingly evaluated with metrics borrowed from the world of business. At Robin Hood, a benefit-cost ratio is calculated for each grant recipient. Programs that don't do enough to help the poor for each dollar invested are cut.





GRAMREEN BANK

The Bangladeshi bank makes small loans to impoverished people keen to start their own business. Since its founding, Grameen has disbursed more than \$7 billion to the poor



SUMITOMO CHEMICAL

The Japanese company bought a stake in Tanzania's A to Z Textile Mills to produce up to 10 million insecticide-treated mosquito nets a year

TECHNOSERVE

The U.S. nonprofit gives business and agricultural advice to coffee farmers in Africa and Latin America and links them to buyers such as Starbucks and Peet's



SAFARICOM

The Kenyan phone company does well by serving the poor. Customers buy prepaid phones, paying for the amount of time they can afford and avoiding hefty monthly fees

BRITANNIA INDUSTRIES

The Indian food company teamed up with an NGO to provide children with vitamin-fortified biscuits that are served after a donated midday meal



TOMS

The program from the company, based in Santa Monica, Calif., is simple: Buy a pair of our shoes, and we'll give a pair to a needy child. That helps the poor and attracts altruistic shoppers

GAP

A sexy PRODUCT (RED) T shirt is appealing on its own, but advertise that half its sale profits go to African women and children affected by HIV/AIDS, and you've got a real hit



these changes come slowly. In the meantime, we can't wait. As a businessman, I've seen that companies can tap new markets right now, even if conditions aren't ideal. And as a philanthropist, I've found that our caring for others compels us to help people right now. The longer we wait, the more people suffer needlessly.

The Next Step

IN JUNE, I MOVED OUT OF MY DAY-TO-DAY role at Microsoft to spend more time on the work of the Bill & Melinda Gates Foundation. I'll be talking with political leaders about how their governments can increase aid for the poor, make it more effective and bring in new partners through creative capitalism.

I'll also talk with CEOs about what their companies can do. One idea is to dedicate a percentage of their top innovators' time to issues that affect the people who have been left behind. This kind of contribution takes the brainpower that makes life better for the richest and dedicates some of it to improving the lives of everyone else. Some pharmaceutical companies, like Merck and GlaxoSmithKline, are already doing this. The Japanese company Sumitomo Chemical shared some of its technology with a Tanzanian textile company, helping it produce millions of bed nets, which are crucial tools in the fight to eradicate malaria. Other companies are doing the same in food, cell phones and banking.

IN OTHER WORDS, CREATIVE CAPITALISM is already under way. But we can do much more. Governments can create more incentives like the FDA voucher. We can expand the report-card idea beyond the pharmaceutical industry and make sure the rankings get publicity so companies get credit for doing good work. Consumers can reward companies that do their part by buying their products. Employees can ask how their employers are contributing. If more companies follow the lead of the most creative organizations in their industry, they will make a huge impact on some of the world's worst problems.

More than 30 years ago, Paul Allen and I started Microsoft because we wanted to be part of a movement to put a computer on every desk and in every home. Ten years ago, Melinda and I started our foundation because we want to be part of a different movement—this time, to help create a world where no one has to live on a dollar a day or die from a disease we know how to prevent. Creative capitalism can help make it happen. I hope more people will join the cause. ■



The Panda Paradox

Pop culture has shied away from showing the real China. The Olympics are a chance to change that

OF ALL THE BUZZ AROUND THE BEIJING Olympics, the most puzzling is the idea that the Games will "introduce" Americans to China. The world's oldest civilization? Home of 1.3 billion people? Tireless exporter of goods and importer of jobs? Introduced? Haven't we already met?

Where American media and pop culture are concerned, yes and no. Cable TV channels and news outlets have dutifully been trying to give Americans a crash course as the Games approach. But the country's biggest pre-Olympic exposure to Chinese culture this summer has been *Kung Fu Panda*, about a chubby bear (voiced by Jack Black) who becomes a warrior. The movie has grossed more than \$200 million in the U.S. alone. As cartoon primers on Buddhist philosophy go, it's not bad.

So as far as Chinese Ursidae living in martial-arts monasteries—yeah, we're covered. But present-day, nonmagical, human China? *Kung Fu Panda* is set in a pre-industrial China, like *Mulan* and *Crouching Tiger, Hidden Dragon*. The new *Mummy* sequel, *Tomb of the Dragon Emperor*, set in the 1940s, is about an undead 2,000-year-old Han emperor (Jet Li) and an army of terra-cotta warriors. The China that appears in American pop culture is about as modern as Arthurian England.

Contemporary China is a trickier subject. It's vibrant and fascinating but also an economic rival with human-rights and environmental issues. And for the corporations that run studios and cut distribution, satellite and Internet deals with Beijing, it's a vast market with a growing middle class—and a government touchy about unflattering portrayals. To make the *Mummy* sequel,

Is China a rival? A partner? A sinister force that tortured Jack Bauer? Or a delightful panda that likes to gobble dumplings?

filmmakers had to submit scripts to the Chinese state co-producers. Western companies that embrace freedom of information on this side of the Pacific have acceded to Chinese censorship: Microsoft, Yahoo!, even Google—whose slogan, "Don't be evil," turned out not to be valid worldwide.

So with rare exceptions, like China's stint as the heavy in the latest season of 24, Hollywood acts as if modern China doesn't exist. Where the Soviet Union was a Hollywood baddie for

if their jobs go to China. Meanwhile, Hollywood sublimates the anxiety in the form of dragons and marauding statuary.

It may be just as well that pop culture doesn't want to take on China, given its history of cold war demonization and Charlie Chan caricatures. But the news media covering the Olympics don't have the luxury of ignoring it. Broadcasters have found their access restricted by China, which promised freedom to get the Games but is under scrutiny over

Tibet, Darfur and internal human rights. Beijing is keeping Tiananmen Square, site of 1989's democracy protests, off limits to live TV for 18 hours a day.

And why shouldn't China expect to get its way? It's used to Western companies becoming morally flexible rather than risking lucrative business. The Games are worth \$1 billion in advertising to NBC, and that's not counting parent company General Electric's investments in China.

NBC, which is sending Brian Williams to the Games as well as its sports crew, says it will cover breaking news in China even if it reflects poorly on the country's rulers. It

owes its viewers to do at least that—and probably more. This Olympics isn't just a game. It's a chance for journalists to show their viewers the complexity and contradictions that Hollywood hasn't. That doesn't mean demonizing China; it does mean reporting on both the vitality and the repression, the economic growth and the political stagnation.

And it means doing that regardless of the business fallout. This Olympics will test whether Western broadcasters are exporting openness or importing censorship, whether China is growing more open or we just ignore its reality so we can make money. Western audiences need and want to know more about this country that figures ever more in their lives in ways good, bad and ambiguous. Let's not tell them to forget it and look at the cute panda. ■



decades, China lurks unobserved, like dark matter in the universe. Even the 2004 remake of *The Manchurian Candidate* replaced the Chinese with an evil corporation.

In a way, Hollywood is reflecting our other institutions, which haven't quite figured out China either. Is it a rival? A partner? A repressive authoritarian state? An engine of prosperity? A sinister force that tortured Jack Bauer? Or a delightful panda that likes to gobble dumplings? We know that China matters and will matter more. But we don't exactly know how. So it floats undefined, a Middle Kingdom poised between fascination and fear. Kids collect Master Shifu Happy Meal toys at McDonald's while parents worry that they may end up flipping burgers there



SURVIVE THE '60s?

YOU DESERVE SPECIAL TREATMENT

GEICO
geico.com
1-800-947-AUTO

That's why GEICO offers all this,
just for you.

- ◆ Defensive driving discount*
- ◆ Accident forgiveness
- ◆ Average savings, \$500
- ◆ Local representatives
- ◆ Motorcycle, Boat and RV insurance, too
- ◆ Over 70 years' experience
(Yes, we survived the '60s too)

SURVIVE THE '60s? YOU DESERVE GEICO.

DEFENSIVE DRIVING DISCOUNT*

If you're 50 or over and take a defensive driving course, you could save up to ten percent on your GEICO car insurance. We'll even help you find a course at geico.com.

ACCIDENT FORGIVENESS

If you've been an accident-free GEICO policyholder for five years, you may qualify for a surcharge waiver. That means even if you have an accident, your rates won't increase.

AVERAGE SAVINGS, \$500

New GEICO customers report an average annual savings of more than \$500. GEICO also offers discounts for insuring more than one car, discounts for cars with safety features like airbags and anti-theft devices, and discounts for members of the more than 250 groups that partner with us. Call or go online to find out which discounts you could be eligible for.

LOCAL REPRESENTATIVES

If you'd like to meet with someone in person, stop by one of our local offices. You can get a rate quote or make a policy change like adding a new driver or adjusting your coverage. Check your local yellow pages or visit geico.com/local to find a GEICO representative near you.

AN EXTENDED WARRANTY, ONLY BETTER

If your new or leased car is less than 15 months old and has less than 15K miles, GEICO's Mechanical Breakdown Insurance can give you the peace of mind you need. It covers all parts and systems, not just the ones listed in most dealer extended warranties. And you pay a small premium each month, not one large lump sum. You can renew it up to seven years or 100K miles, whichever comes first.

NOT JUST CAR INSURANCE

In addition to auto insurance, GEICO offers customers insurance products for their motorcycles, all-terrain vehicles (ATVs), boats, homes, apartments and mobile homes. Personal umbrella protection and life insurance are also available. And be sure to ask about our multiple-policy discounts.

GOOD STUDENT DISCOUNT

If you have children on your policy who are under 25 and make good grades, you could save up to ten percent on your premium.

TOP-QUALITY CLAIM SERVICE

GEICO will take care of your claim at one of more than 1,800 claim locations around the country, or we can come to you if your car can't be driven. Our adjusters settle many claims within 48 hours and can often write you a check on the spot. You can even track the details of your claim online — whether or not you're insured with GEICO.

PERSONAL SERVICE 24/7/365

No matter what time of day you contact GEICO, a trained specialist will be here to help you. If you'd rather handle your business online, you can visit geico.com to purchase a policy, make payments, add or remove vehicles from your policy, file a claim and much more.

WE SURVIVED THE '60s TOO

GEICO has been in business for over 70 years. And we're owned by Berkshire Hathaway Inc. and its chairman, Warren Buffett. Perhaps that's why GEICO consistently gets an A++ rating for financial stability by the leading independent analysts of the insurance industry, A.M. Best Company.

CLICK, CALL OR VISIT A LOCAL OFFICE

GEICO

geico.com

1-800-947-AUTO

*Discount not available in HI, MI, NC and VT. Average savings based on national GEICO New Policyholder Survey Data through February 2008. Some discounts, coverages, payment plans, and features are not available in all states or in all GEICO companies. Motorcycle and ATV coverages are underwritten by GEICO Indemnity Co. Boat and PWC coverages are written through non-affiliated insurance companies and are secured through Insurance Counselors Inc., the GEICO Property Agency, doing business as GEICO Insurance Agency in CA, MA, MI, NJ, NY, OK, SD, UT. RV insurance is not available in all states. Government Employees Insurance Co. GEICO General Insurance Co. • GEICO Indemnity Co. • GEICO Casualty Co. These companies are subsidiaries of Berkshire Hathaway Inc. GEICO auto insurance is not available in Mass. GEICO - Washington, DC 20076. © 2008 GEICO

my dream



is that no child should go to school hungry

Drew Barrymore

\$50 feeds a child in school for one year
www.wfp.org/donate



Drew Barrymore is an Ambassador Against Hunger for the United Nations World Food Programme

Louvre Inc.

Led by a controversial visionary, the world's favorite museum is learning the American art of mixing business with culture

BY PETER GUMBEL/PARIS



EVEN BY HER OWN STANDARDS, the black-tie gala that Houston socialite Becca Cason Thrash organized in Paris on June 10 was exceptional. The 272 guests, who paid up to \$10,000 each to attend, included a smattering of European royalty, Bianca Jagger, Wall Street grandees Wilbur Ross and Stephen Schwarzman and the cream of Houston high society. Cason Thrash flew her Los Angeles decorator in and says she was so nervous about the arrangements that "by 6 p.m., I was looking for a cyanide capsule." This wasn't any old fund raiser: it was held for the Louvre, in the Louvre, in the vaulted Galerie Daru beneath the *Winged Victory of Samothrace*. There, seated at two long, mirrored tables and surrounded by 2,000-year-old statues of Roman Emperors, the guests dined on asparagus soufflé and veal noisettes before

moving on to a charity auction and a Duran Duran concert held under the Louvre's landmark glass pyramid. The evening raised \$2.7 million.

Until recently, France's iconic museum wouldn't have dreamed of rolling out the red carpet for international partygoers, however rich, let alone—*quelle horreur!*—allowing food and drink to be served in a gallery. Fund raisers may be standard practice at American museums, but then no American museum is like the Louvre, which has served as the state-funded bastion of high culture in France for much of its 800-year history. A succession of French Kings built their art collections there, and in 1793, shortly after the French Revolution, it was turned into a museum that is now easily the most popular in the world. Last year it drew 8.3 million visitors—more than a million of them American.

But times are changing, state funds are tight, and the Louvre has an ambitious director named Henri Loyrette, who is seeking to pull the venerable institution into a new era. Tapping rich people around the globe for funding is just one of the changes he's brought about since becoming director in 2001. Armed with a vision of the Louvre as a beacon of culture that is both accessible and global, he has set in motion a dramatic opening to the outside world. So far, that includes signing a deal to create a Louvre museum in Abu Dhabi—a franchising concept pioneered by the Guggenheim—and staging exhibitions of the museum's treasures in such places as Kobe, Japan, and Macau. U.S. museums are particularly benefiting, and not just the usual Louvre partners like New York City's Metropolitan Museum of Art. Loyrette set up an unprecedented three-year partnership with the High Museum in Atlanta and has sent exhibitions to cities like Seattle and Oklahoma City. He's also overhauling the museum's internal workings to make it financially viable and

better able to cope with a huge increase in visitors—up 60% since 2001. As part of this transformation, he and his chief administrator, Didier Selles, have trademarked the Louvre name and cut a deal with labor unions to end the strikes that used to shut down the place for a couple of weeks every year. Most controversially, he has invited contemporary artists to exhibit at the Louvre and even decorate it—provoking howls of protests from French detractors.

Loyrette, 56, says his goal is not to be controversial just for the sake of it. But he insists, "In a house like this, you need to open the windows. We hadn't aired for a long time." He is an art historian by training who previously ran the Musée d'Orsay. Some of what he's doing is experimental, he acknowledges. He calls the Abu Dhabi project, which is set to open in 2013 and for which the Louvre will receive \$900 million for the use of its name and for temporary loans of up to 300 works, a "leap into the unknown." As for contemporary artists, he points out that they've long had a place at the Louvre: both Eugène Delacroix and the Cubist artist Georges Braque painted ceiling panels in the museum, and Loyrette recently commissioned American artist Cy Twombly to do the same. "I'm not inventing or adding anything," he says. "I'm just renewing what has always been done."

There are some limits. The Louvre still takes its public-service mission very seriously, and its lending policy isn't limitless either: earlier this year, the Louvre pulled out of a show that a private promoter was mounting in Verona, Italy. The Louvre would have received \$6.4 million for its participation, but the idea of working on a commercial basis with a private operator rather than a museum caused some concern among curators. Even Cason Thrash ran into restrictions on what she could do at her party: the museum drew the line at using candles and turned down her request to hold the event in a painting gallery. "They do that at the Met," she gripes. Still, she gushes about Loyrette. "Henri's a visionary. He totally gets it," she says. "It's time for the Louvre to spread its wings."

NOT EVERYONE SHARES HER ENTHUSIASM. Just ask Marc Fumaroli, who chairs the Society of Friends of the Louvre, a 111-year-old French association that helps finance some of the museum's acquisitions. With 70,000 members, most of

Ring in the new
Recent changes at the Louvre include more contemporary art and—sacrébleu!—fund-raising dinners

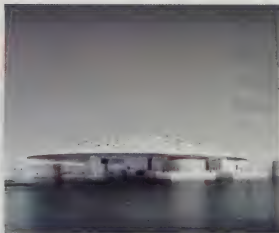


whom pay a \$100 annual subscription, it still packs some clout. Fumaroli is frank about the criticism. "The Friends of the Louvre is a milieu that is both cultured and demanding, and it easily gets into a bad mood," he says. There's particular concern about the way the museum is sending out its treasures. "Some think there is excessive exportation" is how he puts it, although he acknowledges that "as one of the biggest museums in the world, the Louvre cannot escape the consequences of globalization."

The other big complaint is about the contemporary art. Fumaroli wrote an indignant article about the biggest show to date, an exhibition earlier this summer of works by Belgian artist Jan Fabre that was held in galleries containing Dutch and Flemish masterpieces. Among the highlights: a gigantic earthworm wriggling on upended gravestones in the Rubens room. The show was part of a series designed to give visitors a new perspective on old works. "It's important to have polyphony around the collection," Loyrette says. But Fumaroli dismissed it as *pantlanonnades*—pantomime.

Loyrette doesn't have to worry overly about traditionalists because under his direction, the Louvre is becoming less dependent on the French establishment. The state still subsidizes the museum to the tune of about \$180 million a year, but these days that's only about half the total budget. The rest is raised by the Louvre itself, from ticket sales and donations by French companies and American and other philanthropists. It's a process that started under Loyrette's predecessor, Pierre Rosenberg, in the early 1990s, when the government handed the Louvre some limited autonomy. Loyrette and his deputy, Selles, have taken that and pushed hard, wresting management of the museum's finances and staff from government bureaucrats and in exchange signing a deal with the Culture Ministry that commits it to meeting certain performance targets. "We used to live in an absurd system, a universe that was completely archaic," Selles says.

The bottom line is that the Louvre now has a lot more money than ever. Its annual acquisition budget jumped from \$4.5 million in 2004 to \$36 million last year. Changes to French tax law in 2003 have helped, but Loyrette has also expanded the three-man fund-raising department that Rosenberg set up in the late 1990s into a full-time operation with 19 staffers. And the Louvre is about to set up a U.S.-style endowment



Global ambitions An artist's rendering of the Louvre Abu Dhabi, above, illustrates the museum's worldwide expansion plans under Loyrette, left

CULTURE AND CASH

How the world's most popular museums stack up

	Visitors per year	Incoming resources†	Public funding	
Louvre, Paris	8.3 million	\$390 million*	49%	(2007)
British Museum, London	6.1 million	\$170 million	53%	(2007-08)
Pompidou Center, Paris	5.5 million	\$193 million	69%	(2006)
Tate Modern, London	5.2 million	\$203 million**	34%	(2006-07)
Metropolitan Museum of Art, New York City	4.5 million	\$291 million	9%	(2006-07)

Source: The Art Newspaper; museums' latest accounts. *Includes state grants, commercial activities, gifts and endowments. **Excludes the \$240 million first payment for Louvre Abu Dhabi. †Funding for all Tate galleries.

fund—the first in France—using the money from the Abu Dhabi deal to ensure that it can finance a bevy of ambitious projects in the future.

IF YOU ASK GENEVIÈVE BRESCH-BAUTIER, the crusty chief curator of the Louvre's sculpture department, what has changed in the Loyrette era, she'll grumble a bit about the heavier load of administration that comes the way of the museum's seven departments. She's also not convinced that appointing department heads for just three years at a time is a smart move. (Until Loyrette came along, they were appointed for life.) But then she'll start to talk about the "very expensive" \$3.7 million Austrian bust that the Louvre was able to buy in New York for her department and the ambitious exhibition of French bronzes she'll be putting on later this year, not to mention the restoration budget, which is "incomparably bigger than it was a decade ago."

Ultimately, this may be the big difference: for the first time in ages, the Louvre

has cash to spend. Its fund-raising activities are very new, but Loyrette is constantly looking to broaden them. He persuaded Christopher Forbes of the wealthy publishing family to start the American Friends of the Louvre at a time when the U.S. and France were sparring over Iraq. It has taken off and just given birth to the International Friends of the Louvre.

Which raises the question, Why should anyone give money to a French museum that already receives a hefty government subsidy? A few days after Cason Thrash's party, one of the attendees, a wealthy Floridian named Max Blumberg who made his money in lighting, was sitting in his Paris pied-à-terre opposite the Tuileries Gardens—with a view of I.M. Pei's pyramid—and provided the answer. "The name of the Louvre has magical powers in the world of art," he said. And then, of course, there's Loyrette. "He's a great seducer," Blumberg said, "because he believes so much in what he's doing." Running the Louvre, it seems, is quite an art in itself. ■

“You don’t want a capital market that functions perfectly if you’re in my business.”

WARREN BUFFETT, CEO, BERKSHIRE HATHAWAY

as quoted in FORTUNE's 4.28.08 Issue



Business Needs
FORTUNE

See the latest issue on newsstands
or go to www.fortune.com.

©2008 Time Inc. FORTUNE is a registered trademark of Time Inc.
All rights reserved.

5 more minutes. 5 more minutes. 5 more minutes.



Kristen was beginning to see the genius of the snooze button.

Introducing the cozy new bedding at Quality® hotels. When you're away from home, it can be hard to get a good night's sleep. That's why we've made Quality an even more inviting place to lay your head. With comfier bedding, crisp white sheets and plenty of fluffy pillows, you'll always wake up refreshed. For great rates, book online at choicehotels.com.

choicehotels.com • 800.4CHOICE

We'll see you there.

CHOICE HOTELS INTERNATIONAL®

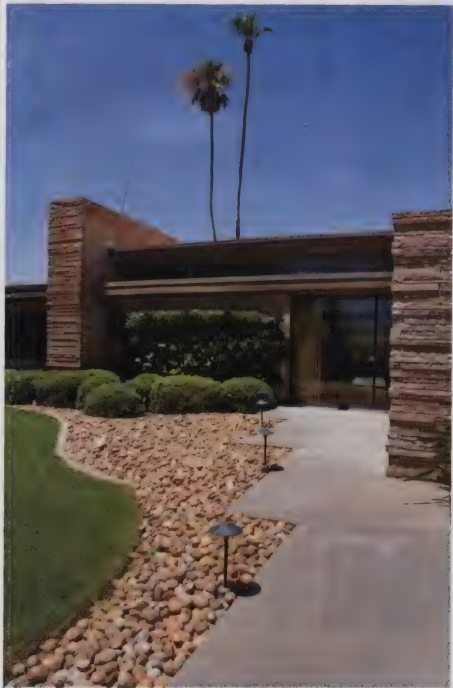


Life

The biggest reason calling cards have delighted jaded 21st century types is that they work

SOCIAL NORMS, PAGE 57

TRAVEL □ FIRST PERSON □ SOCIAL NORMS □ SPORT



TRAVEL

Renting Sinatra's House. Why Palm Springs is a design hot spot



BY CAROLINA A. MIRANDA

IT WAS THE CITY WHERE THE RAT PACK partied, Elvis honeymooned and Eisenhower swung the only hole in one of his life. Palm Springs, California's fabled desert oasis, has long been a winter playground for the Hollywood set; the city lies just 100 miles (160 km) east of Los Angeles. But it is also home to an extensive array of beautifully preserved Modernist structures that have turned this golf-and-cocktails resort town into a must-see destination for devotees of architecture.

For several decades in the middle of the 20th century, internationally renowned architects such as Richard Neutra and John Lautner—who is currently the sub-

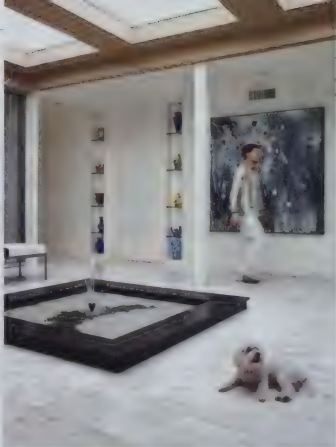
RENTS FOR \$2,600 / NIGHT

TWIN PALMS Art appreciation doesn't come cheap. Sinatra, above in 1964, in his four-bedroom manse, which has a piano-shaped pool



RENTS FOR \$295/NIGHT

AN ALEXANDER HOUSE Chris Menrad's airy three bedroom was one of the city's early Modernist experiments in tract housing



RENTS FOR \$1,400/NIGHT

A CODY HOUSE Gregg Rapp's light-soaked (and marble-clad) three bedroom is available for two-night-minimum stays

ject of a retrospective at the Hammer Museum in Los Angeles—created audacious buildings in Palm Springs that helped revolutionize the way Americans lived and played. Out went stuffy Victorian parlors; in came sleek, glass-walled structures that blurred the line between indoors and out. The bulk of what these architects designed was residential, which meant the only way to see one of the buildings back then was to have Frank Sinatra invite you over for drinks. Today, though, many Modernist homes are available as vacation rentals, including the long, lean, flat-roofed manse that once belonged to the Chairman of the Board himself.

Renting one of these houses can be an intimate way to get to know the city, to see a side of it that can't be found on the noisy pool deck of a chain hotel. An expansive three-bedroom house designed by local architect William Cody in 1964 has a demure flat-roof-and-steel-beam structure that pays homage to the uncomplicated designs of German-born architect Ludwig Mies van der Rohe. But the interiors are straight-up '60s opulent: there are travertine walls

and an arena-size master bathroom clad entirely in Carrara marble.

More modest but equally intriguing are the Alexander Construction Co. tract houses, whose rooflines extend out and up like the fins on a Cadillac. One Alexander owner, Chris Menrad, recently worked with the home's original architect, William Krisel, to redesign the landscaping so that it complements the structure's now retro-futuristic look.

And then there's Twin Palms. The

Sinatra estate, designed by local architect E. Stewart Williams in 1946, has four bedrooms, ample areas for entertaining and one very thick shag rug. "You can sit by the piano-shaped pool and sip cocktails from the retro bar," says Kevin Blessing, CEO of Beau Monde Villas, which manages the house. Alas, Ol' Blue Eyes' recording equipment is not connected for use. And there's a \$1,000 security deposit because, as Sinatra crooned, accidents will happen after all.

More at TIME.com. For rental details—the places below are listed per night—go to time.com/modernist



\$276

Seth Peterson Cottage
BY FRANK LLOYD WRIGHT
Lake Mirror, Wis.



\$326

The Roth Residence
BY RUDOLPH SCHINDLER
Los Angeles



\$334

Seacoast terraced condo
BY MORRIS LAPIDUS
Miami Beach



FIRST PERSON WITH:

Jan Vinzenz Krause, inventor, 30

German entrepreneur and sex educator who designed a spray-on condom made of liquid latex

My Quest? Build A Better Condom

THERE ARE LOTS OF REASONS scientists are looking for ways to make condoms more appealing—and safer—to use. TIME's Callie Lefevre asked Jan Vinzenz Krause about his efforts to make a spray-on condom.

How did you get this idea?

I went to get my car washed. In Germany, you drive through a tunnel, and there's water coming from all sides. I was sitting in my car, and I said, "Yes! This is the idea! I will try this with a condom." So I went to a hardware store—I felt a little like MacGyver—and I bought a tube, put some holes in it, attached these nozzles and connected them to a box of liquid latex. The latex sprays out of the nozzles.

What's the advantage?

The condom fits 100% perfectly, so the safety is much higher than a standard condom's, and it feels more natural.

Did product testers worry that spraying on latex protection would ruin the mood?

Yes, that was mentioned. The prototype takes a few minutes to dry. For people to buy it, it needs to be ready in five to 10 seconds.

Any other hesitations?

They were a little bit afraid to use the tube.

Are you waiting for someone to come up with a better latex formula?

Right now, I have to focus on things I think will be successful in the immediate future.

So what's your latest project?

A condom brand in six sizes. We developed this brand for the Web. Men on the Web—they are very honest.

SOCIAL NORMS

The Return of the Calling Card. Move over, business cards. A relic of Victorian-era etiquette is making a comeback

BY HARRIET BAROVICK

IN THE 1800S, THERE WAS A CERTAIN logic—and a cool distance—to the formal calling card. Those who were part of, or sought a place among, the social elite would deliver a card with their name engraved on it to someone's home to request a visit. But now that you can IM, e-mail or text pretty much anyone immediately, the Victorian practice seems laughably outmoded, right? Not so, according to a growing number of enthusiasts reviving the old-fashioned social networking tool. "Is it technology fatigue? A colorful way of branding yourself? We're

Grand Rapids, Mich., got fed up with searching for pens on the playground and made a card for herself (title: Caroline's mom). She now operates a thriving online cardmaking venture, MommyBiz.net. Ditto for non-parent Ilene Segal, founder of Baby IDesign, a four-year-old stationer in Manhattan. She thinks her playdate cards have caught on because they're "a nicer way of connecting than plugging someone into your cell."

For young job-hoppers, a calling card offers not only a sense of permanence but also a chance for self-expression. In June, Mitch Stripling, an emergency planner who recently moved to New York City, printed



not sure," says Peter Hopkins of Crane & Co., where sales of the cards have doubled in the past two years. "But the demand is clear. They are our fastest growing item."

For a flagging stationery industry, calling cards—essentially nonbusiness business cards—have brought a welcome dose of energy. Some are teenier than standard business cards, others much bigger, and many come in bright colors that seem anything but stodgy. Among the buyers: playdate-seeking parents eager for a sane way to exchange contact info, retirees who miss having business cards to hand out (Memphis stationer Baylor Stovall calls them "cruise-ship customers") and itinerant young professionals whose cell phones and e-mail addresses are their most reliable locators. Elaine Milnes, a stay-at-home mom in

cards with cell phone, e-mail and descriptor ("neo Victorian calling card thingy") info for his 10-year college reunion in an effort to reconnect with people he knew he wouldn't have a chance to speak with at length. "I wanted to get away from the whole status thing at reunions, so a business logo didn't feel right," says Stripling, whose card was a buzz-generating hit at Williams College. "Having my own little logo frees me up. It's a way to be expressive of me outside of whatever job I happen to be doing at the time."

Perhaps the biggest reason the cards have delighted jaded 21st century types is that they work. Says Stripling: "I can't say for sure if it was the card or just the effects of a reunion, but I heard from around 30 people from school in the weeks after." Some are even planning visits.

SPORT

Green to the Extreme.

Athletes risk life and limb but not the environment

BY JENINNE LEE-ST. JOHN

THE ENVIRONMENT IS GETTING gnarly. Surfing, snowboarding and other adventure sports that take place outdoors are, by their nature, intimately affected by climate change and pollution. Which is why everyone in the industry, from individual skateboarders to big-time gear- and apparel-makers, is trying to go extremely green.

This summer brings the most eco-friendly X Games ever—no small feat for a twice-a-year event that draws 140,000 spectators and uses nearly 1,400 pieces of plywood to make its signature vertical ramp. The action-sports competition, which runs through Aug. 3 and includes in-line skating and bungee jumping, features new powering stations where attendees ride bikes to charge their mobile phones and other electronics. The organizers are also offering attendees prizes, like rad belt buckles made from old skateboards, if they recycle. Excess construction materials will be donated to Habitat for Humanity. And those tree-eating ramps? Some of them will be recycled for use in communities in need of public recreation outlets.

Meanwhile, gearmakers have been shifting to more sustainable materials. Most skateboards, for example, are made of Canadian maple, which takes 50 years to mature. But bamboo is replaced in a tenth of that time. Hence Bob Burnquist, one of the world's top pro skateboarders, and his sponsor Flip have been developing a type of board made of bamboo, hemp and maple that he began using in competition in July. You don't have to go "full, purist radical," Burnquist says. His goal? "Connect the coolness factor to the reality of what's possible now."



BAMBOO BICYCLE

Calfee Design's bamboo mountain-bike frame costs \$2,695. Coming soon: a city version that costs half as much



MINIMALIST SUIT

Patagonia's \$530 wet suit uses less neoprene, along with recycled polyester, chlorine-free wool and PVC-free kneepads



RECYCLED RAMP

Amateurs get to use former X Games equipment like this vert ramp, which was reassembled at a YMCA in California



ECO-WATCH

Quiksilver's new \$500 Ray is made of sustainable wood and powered by motion rather than a battery



HEALTHIER BOARD

Launched in June, Habitat's \$55 skateboard deck uses sustainable wood, a vegetable-based finish and nontoxic glue

NO MATTER WHAT YOU WANT TO DO IN LIFE,

LIFE TAKES

VISA

lifetakesvisa.com



Give Japan a whirl.

Find travel packages for Japan and other romantic locales around the world at lifetakesvisa.com/travel

Life Takes Travel. Life Takes Visa.



THE MOST ROMANTIC ESCAPES AROUND THE WORLD.

Nothing spices up a relationship like new experiences.

If you're in Los Angeles, why not escape to Neuschwanstein Castle in Frankfurt, Germany. Gaze across the gorgeous Hohen Schwangau valley from the dramatic towers of Germany's most famous castle.

Or hop a flight to Hong Kong and experience the drama of the Symphony of Lights Harbor Cruise, the world's largest permanent light and sound show.

If you want to avoid crowds, then the beauty of Munich's Romantic

Road could be a better option. With almost 1,000 years of history, the road winds through forgotten sections of countryside and picturesque villages.

Or for a livelier European vacation, grab your dancing shoes and head to London for the famous Notting Hill Carnival, the largest party in all of Europe.

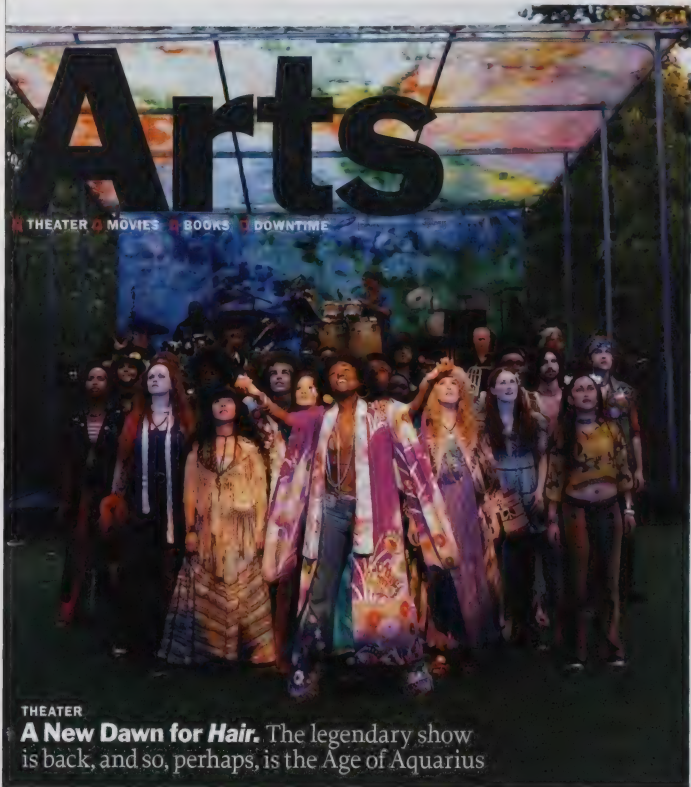
Remember, the couple that travels together, grows together. So catch a United flight and explore! For more travel ideas and deals, visit lifetakesvisa.com/united.



VISA CARDHOLDERS RECEIVE A SPECIAL TRAVEL OFFER FROM UNITED.

Use your Visa card and receive 10% off economy-cabin tickets (minimum purchase of \$150, excluding taxes and fees) for flights from the United States, Puerto Rico or the U.S. Virgin Islands to Europe, Asia or South America. Up to four economy round-trip tickets may be purchased at a time, and all must be within the same travel itinerary.

For full details, visit lifetakesvisa.com/united.



THEATER

A New Dawn for *Hair*. The legendary show is back, and so, perhaps, is the Age of Aquarius

BY RICHARD ZOGLIN

I NEVER SAW THE ORIGINAL PRODUCTION of *Hair*, but I did catch the show a couple of years after its 1968 Broadway debut, when the touring company came to San Francisco. I was a student at Berkeley, and I would occasionally take a break from dodging tear gas in Sproul Plaza to usher for plays in the

city. It was a good deal: students could spend half an hour helping fat cats find their way to their orchestra seats and, after the curtain went up, take any empty seat for free. Except that the night I saw *Hair*, the house was full, so the ushers had to sit on the aisle steps in the balcony. Which turned out to be the perfect way to experience the celebrated "tribal rock musical" that brought

the communal spirit of the '60s youth culture to Broadway for the first time. It was the greatest night of my theater life.

Well, maybe not quite. But allow a baby boomer his memories. (To be honest, I probably didn't call them fat cats either.) And

Tie-dye revival *Hair* runs through August at New York's Delacorte Theater in Central Park

The Bare Facts. From Broadway to Billboard hits, *Hair* by the numbers

4

Number of covers of *Hair* songs that reached the Billboard Top 10: *Aquarius/Let the Sun Shine In*, *Hair*, *Good Morning Starshine* and *Easy to Be Hard*

7

Number of touring companies the show has had in the U.S. and abroad

11

Number of years between the show's Broadway debut and the movie version



Hair apparent Cast members in the 1968 production at New York City's Biltmore Theater

1,750

Number of performances the show ran on Broadway. Diane Keaton and Melba Moore, along with creators Jerome Ragni and James Rado, were in the original cast

79

Current age of Galt MacDermot, composer of the music for *Hair*

\$1.50

Bonus paid to any cast member willing to take off his or her clothes

allow *Hair*—or so even some professed fans of the show have pleaded—to remain in the mists of '60s nostalgia. After a flop 1977 Broadway revival and a not-much-more-successful 1979 movie version directed by Milos Forman, the feeling seemed to harden that the Age of Aquarius was over and trying to bring it back would look hopelessly out of touch, even silly, in this cynical new millennium.

This summer, though, *Hair* may have its stars in alignment at last. A definitive version of the groundbreaking show has just started a monthlong run in New York City's outdoor Delacorte Theater in Central Park. Expanded from a concert version that ran for a weekend last September, the revival is being produced by the city's Public Theater, Joseph Papp's downtown theater lab that first opened its doors in 1967 with *Hair*. It is returning on the 40th anniversary of the show's Broadway debut. All the tickets, fittingly, are free. Most folks queue up on the Internet now (for seats chosen by lottery) rather than stand in line all day long, but it's the hottest ticket in New York City.

Efforts over the past few years to mount a major revival had foundered on disagreements among the show's creators over whether and how it ought to be changed. Michael Butler, producer of the original Broadway show, has favored a faithful rendering, and his production in Los Angeles last year was well received. But *Hair*'s surviving co-author, James Rado, who conceived and wrote the show in 1967 with Jerome Ragni (who died of cancer in 1991), has been more indulgent of changes—adding, subtracting and tinkering with

the show in spurts over the years—and he has given this new production his seal of approval. "*Hair*," says Rado, 76, "has shown itself over and over again to be a very organic piece of material."

It certainly looks right at home in Central Park. The stage is grass, and the actors emerge from the wings or over a back fence and are able to climb in and out of the audience with a single bound. A couple of new songs have been added (unused material from earlier versions of the show, says Rado), some lyrics have been updated, and the book has been streamlined and pared down. For audiences crowding into the early previews, it's clear that *Hair* has not just been revived; it has been reinvigorated and reclaimed as one of the great milestones in musical-theater history.

Anarchy Onstage

RADO AND RAGNI WERE OFF-BROADWAY actors and part of the downtown experimental theater scene in the mid-'60s when they decided to write a musical that would express the new attitudes of the youth culture exploding around them: sexual experimentation, an openness to drugs, the

rejection of middle-class values of all kinds and most of all a hatred for the Vietnam War. The creative process reflected this freewheeling, convention-defying spirit. To cast the show, Rado and Ragni scoured the streets of Greenwich Village for people with the right look. Early performances had an anarchic, anything-goes feel: some nights not enough actors would be onstage, and a cast member or two would have to double up on roles. Other nights total strangers would wander onto the stage and mingle with the regular cast.

While working on the show, Rado and Ragni had seen a couple of men strip naked in Central Park as an expression of freedom, and that gave them the idea to have all the actors shed their clothes at the end of the first act. The nude scene was *Hair*'s most notorious thumb in the eye of bourgeois inhibitions, though not all the actors were quite ready for the statement. Some were willing to disrobe, and some weren't; as an incentive, the producers offered a \$1.50 bonus per show to any cast member who bared all.

Hair was a breakthrough not just in themes but also in form. The story is little more than a series of vignettes revolving around a communal living group headed by the fiery, free-spirited Berger and the more conflicted refugee from Queens, Claude. (A New York Times critic, quaintly, said the show reminded him of 1920s off-Broadway revues—"the bright impudence of *The Grand Street Follies* and *The Garrick Gaieties*.") The score by Galt MacDermot—a musician who was nearing 40, loved jazz and favored suits and ties, the straight man

***Hair* has not just been revived; it has been reinvigorated and reclaimed as one of the great milestones in musical-theater history**

out in this band of hippie-artists—is more experimental than it usually gets credit for. In addition to the familiar anthems (*Aquarius, Let the Sun Shine In*), many of the songs are mere snippets, hewing to few of the traditional rules of show-tune writing. In several, characters simply rattle off lists—of forbidden sexual practices or illicit drugs or symbols of middle-class respectability: “Ain’t got no home, ain’t got no shoes, ain’t got no money, ain’t got no class...” It was a kind of musical demolition job, tearing down the old conventions as well as society’s taboos, clearing the way for a more authentic, organic mode of expression. In one song, *Frank Mills*, a waiflike street girl sings a lament for the boy she met once and can’t find again, the purposely prosaic lyrics clashing charmingly with the lovely melody. (Don’t need no rhyme, don’t need no chorus, don’t need the lines to even scan...)

Longing to Reconnect

THE CREATIVE TEAM FOR THE REVIVAL HAS managed the difficult task of recapturing the ‘60s spirit without resorting to irony or camp. Director Diane Paulus says her young cast (most of them—including Jonathan Groff, a Tony nominee for *Spring Awakening*, and Will Swenson—are better singers than the originals) has gained a new appreciation of those distant counter-culture years. “I think people are desperately longing to reconnect,” she says, “to a time when you as a citizen felt like you could make a change in your country.” Oskar Eustis, the Public Theater’s artistic director and the guiding spirit behind the production, likes to hammer home the parallels between the Vietnam protests of *Hair*’s era and the current disillusion with America’s adventure in Iraq. “A lot has changed since 1968,” said Eustis onstage to welcome the audience before the first performance in Central Park. “They don’t let us take pictures of the dead boys anymore.” Says Eustis: “Now we have kind of a double perspective, because we realize in how many ways those dreams did not come to fruition in 1967 and 1968. To me, it’s more tragic and beautiful than the original.”

The hairdos and Hare Krishna chants may be dated, but *Hair* still looks hipper than most of its rock-musical descendants: more musically adventurous than *Rent*, less narratively conventional than *In the Heights*. Watching a group of artists breaking loose, adapting an art form to reflect the times and pursuing the dream that those times might change as a result is inspiring in any era. Today *Hair* seems, if anything, more daring than ever. —WITH REPORTING BY AMY LENNARD GOEHNER/NEW YORK ■

MOVIES

It's the Election, Stupid. *Swing Vote* wants to rip the political process to shreds yet leave you cheering for democracy

BY RICHARD CORLISS

IT'S SAID THAT IF YOU WANT TO KICK-start a conversation, or empty a movie house, just talk politics. Yet in this presidential-election year, filmmakers are peppering the multiplex electorate with pictures that take sides. Oliver Stone is finishing up *W*, a biopic of President Bush. The documentary *Stealing America: Vote by Vote*, already playing in some cities, argues that voting machines are hardly more accurate than Ouija boards. There are even a couple of right-wing movies, which are almost illegal in Hollywood: *An American Carol*, an anti-Michael Moore comedy from David Zucker of the *Airplane!* and *Naked Gun*



Who, me? A sub-ordinary Joe (Costner) becomes a 10-day media wonder as America waits for him to cast his ballot

series, and *Hype: The Obama Effect*, from anti-Clinton provocateur David Bossie.

And right now, we have *Swing Vote*, an election movie that wants to take both sides and the great indifferent middle.

Bud Johnson (Kevin Costner) is a loser, a wastrel, a jerk—and not one of the purportedly adorable kind in the Judd Apatow movies. The stupor Bud drinks himself into each evening leaves him barely able to drag himself to work the next morning, let alone care for his young daughter Molly (Madeline Carroll). His employer has been “insourcing” Mexicans who’ll work for less money and firing hapless guys like Bud. It’s no wonder that feeling disenfranchised, disaffected and perennially dissed, he belongs to what would be by far the largest U.S. political party: the We Don’t Voters.

Through unlikely circumstances proposed by director Joshua Michael Stern and co-writer Jason Richman, the presidential race is so tight that New Mexico’s electoral votes will make the difference. The state is dead-even in the popular tally, and a ballot with Bud’s name on it gets stuck in a machine without registering his preference. The election has come down, literally, to one man, one vote. Yes, Bud (with a lot of help from the much savvier Molly) will choose the next President. He has 10 days to hand in his vote.

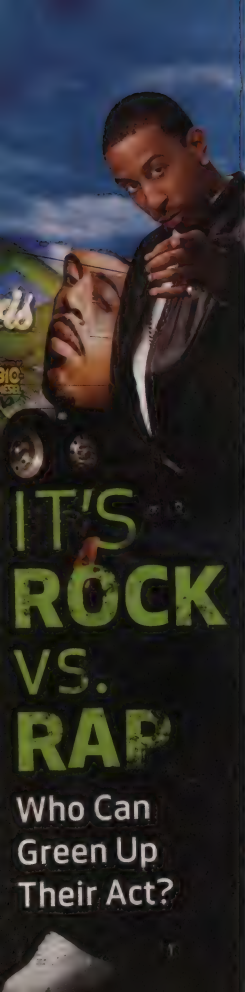
If you hear a loud snap at this moment, it’s the audience’s credulity, as *Swing Vote* falls from agreeable fable into wan satire. Why 10 days? To show that the electoral process is a shameless

sham in which politicians pretzel their principles to get elected. The two candidates come courting Bud. Drawing their own inferences from his cryptic remarks, the Republican (Kelsey Grammer) suddenly plumps for gay marriage, while the Democrat (Dennis Hopper) turns pro-life. The movie says these are decent men forced to reverse field by their Machiavellian advisers (Stanley Tucci as, essentially, Karl Rove; Nathan Lane as, more or less, Robert Shrum). If

this is the case, then they’re not decent, and neither party deserves to win.

Borrowing the idealism of Frank Capra movies and the cynicism of Preston Sturges comedies, but not near those old masters as an entertainer or political guru, Stern suggests that the real hero is the ordinary Joe who goes to the polls and votes these rascals in. *Swing Vote* has aspirations to be Molly—or, in a pinch, Bud. But it’s closer to the parties’ idea men, trying to guess what the people want, then desperately laying it on. That leaves Costner, for all his charm and flinty ambiguity, a loser in this poll.

We won’t say who finally wins the Bud election. But given the film’s ostensible celebration of independence, it would be nice if he voted for Nader. Then the whole sad charade—the electoral process—would have to start over again. ■



IT'S ROCK VS. RAP

Who Can
Green Up
Their Act?

BOOKS

Collective Memory. In David Carr's hands, the addiction memoir offers a chance to set the record straight



BY RADHIKA JONES

EVERY MEMOIR IS IN ONE sense an argument—a writer's version of his or her past. But, as readers who cashed in their debunked copies of *A Million Little Pieces* know, recent memoirs have been just as notable for the arguments they raise about the intersection of fact, truth and memory.

In *The Night of the Gun* (Simon & Schuster; 389 pages), his arresting story of addiction and recovery, David Carr takes on these issues by trying to pre-empt them. Carr, an ex-crack addict turned media columnist for the *New York Times*, faces two problems in writing his story: he was so often high during the period in question that he's fuzzy on the facts, and he's writing in the post-James Frey era, when being fuzzy on the facts can land you in the hot seat on *Oprah*.

Attuned to these and other pitfalls of inaccuracy (he was friends with Jayson Blair at the *Times*), Carr sets out to "report" his memoir, which is to say he digs up his medical and police files and conducts some 60 interviews with people who knew him then and know him now, from his parents to his rehab counselors to his grownup twin daughters. Wary of painting a distorted self-portrait, he offers up a researched composite instead.

The book begins with Carr sitting opposite his editor at a Minneapolis business magazine, being given a choice between quitting drugs and getting fired. He picks the latter and promptly goes on a bender—a long, violent night that ends, as he recalls it, with him on the wrong end of the barrel of a gun. It is March 1987, and Carr is 30 years old.

He has been doing cocaine for nearly a decade, and another year and a half will elapse before he goes in for his fifth and final detox.

The opening scene, with its choice of desk or drug habit, introduces one of the book's most unsettling truths: that despite Carr's recollection that he cleaned up his act to care for his newborn daughters, the more compelling factor was his professional ambition. Much of the memoir's emotional heft involves Carr's coming to terms with this idea, realizing that for him, work is, "in some twisted way, more sacred, more worthy of protection, than friends, loved ones, and family."

As far as this book goes, the investment pays off. Carr's voice is persuasive; he not only anticipates every potential critique of his project but also hurls each one fiercely at himself. Don't bother telling him that he's a presumptuous navel gazer for pursuing this story; he knows it. When he visits his ex-wife Kim, on whom he recklessly cheated, she refuses to talk with him about the past. It's a satisfying encounter, as we witness the head-on collision of Carr the intrepid reporter-author and Carr the self-critical and ambivalent subject. Kim's silence, he writes, "is a significant loss in the effort to find the truth of what I did and why. But I secretly admired her unwillingness to engage my needs, my narcissism, one more time."

An old friend, Ralph, throws a different kind of stumbling block his way. "I don't know," says Ralph, when pressed for the details of a drunken fracas in which he and Carr were involved. "You're asking one guy who is drunk and stoned if his memory matches the other



Downs and ups Carr, from top, with a college friend in 1977; under arrest in 1988; at Eden House treatment facility in 1989; and with his daughters in 1993

guy's who's drunk and stoned."

These testimonies show that as a truth-seeking mechanism, Carr's approach is not foolproof. And it does have its narrative drawbacks. The story starts out choppy, moving back and forth within each brief chapter from Carr on crack to Carr manning the video camera. The chronological jumps cause some repetition, and Carr is not immune to the tic of capping off his vignettes with a punch line, which works better in a magazine than in a book.

Not surprisingly, though, the pace relaxes when Carr reaches his recovery stage; by that point, familiar with the major players and milestones in his life, the reader can relax too. And if he lapses into clichés on occasion (he adores his daughters "madly, deeply, truly"), at other times his word choice attains a chilling precision, as when he describes the two girls on the date of their premature birth: "They weighed a bit more than a kilo, a term of art in our current context." Carr and the girls' mother had used crack during her pregnancy—he had just handed her a pipe when her water broke—and it is both horrifying and apt to hear the babies quantified on the same scale as a brick of cocaine.

It's in moments like that one—when coke and kids mix, brought together in Carr's life and his language—that you realize how successfully he has woven his tale. If the reporting device started out as a "fig leaf," to keep him from obsessing about "adding to a growing pile of junkie memoirs," it doesn't end up that way. *The Night of the Gun* is in part a writerly exercise in defense and disarmament—memoir in the throes of an existential crisis. But that does not prevent it from being a great read. This is largely because, in using his reporter's chops to investigate his own past, Carr taps the very skills that propelled him to survive. His method, as much as his madness, is the story.



BATTLEGROUND EARTH LUDACRIS VS. TOMMY LEE

Sundays 10/9c

**planet
green**

planetgreen.com

Thursdays 8/7c

TLC

tlc.com



Photo: Education, Dennis

Simple Solutions

FACT: 30,000 children under the age of 5 die from poverty and disease every day. This is preventable. And it doesn't require high-tech solutions. Saving the life of a child is much easier than you think. For \$60 you can provide life-saving therapeutic care for a malnourished child for a year. For more information visit www.concernusa.org

concernusa.org 212-557-8000

CONCERN
WORLDWIDE
(U.S.) Inc

114 East 40th Street, Suite 903, New York, NY 10016 212-557-8000 • 332 South Michigan Avenue, Suite 630, Chicago, IL 60604 312-431-8400
Concern Worldwide is an international humanitarian organization, dedicated to the relief, assistance and advancement of the poorest people throughout the world. Founded in 1960, Concern now has a team of more than 4,000 personnel working in 31 countries throughout Africa, Asia and Caribbean. Concern Worldwide U.S. Inc supports projects carried out in the field by Concern Worldwide registered in Ireland. Design donated by MCS Advertising Ltd. and placement generously donated by this publication.

Downtime



5 Things You Should Know About. Conor Oberst's road tunes, *The Mummy* in China and a rich Civil War novel



MUSIC

Conor Oberst *Conor Oberst*; available Aug. 5

Folksingers don't lighten up, but they do go on vacation, and an extended jaunt to Mexico seems to have offered Oberst a glimpse of a world without doom. The meandering road anthems (*Moab*) and beach tunes (*Sausalito*) capture the mischief and freedom of travel without going all *Margaritaville*. So your brain is welcome on this journey too. **A-**



MOVIES

Bridgeshead Revisited *Directed by Julian Jarrold*; rated PG-13; out now

"Don't be such a tourist," Sebastian Flyte chides his college chum when they arrive at the titular house. But gawking is the appeal of this not-mandatory version of the Evelyn Waugh novel. Much is made of the beauty and danger of faith, stately piles and stately moms (Emma Thompson is the matriarch). It's nice enough to visit, maybe on DVD. **B-**



The Sisterhood of the Traveling Pants 2 *Directed by Sanaa Hamri*; rated PG-13; opening Aug. 6

Imagine *Sex and the City* as an after-school special; that's this sequel to the 2005 film about four teen friends (Amber Tamblyn, America Ferrera, Blake Lively and Alexis Bledel). Each has a new emotional challenge, and somehow they all end up on a Greek isle. Mamma miasma! The going gets wet at times, but if you have heartstrings, they will be plucked. **B-**



The Mummy: Tomb of the Dragon Emperor *Directed by Rob Cohen*; rated PG-13; out now

Brendan Fraser takes his third crack at this *Indiana Jones*-knockoff action series. This time, a 2,300-year-old warrior (Jet Li) is trying to gain the secret to eternal mischief. Nifty stunts and effects and top turns from Chinese stars Michelle Yeoh, Isabella Leong and Anthony Wong are the treasures worth seeking amid the musty debris of *Mummy III*. **C**



BOOKS

Stand the Storm *By Breana Clarke*; out now

Calling all book clubs! Clarke, whose debut novel, *River, Cross My Heart*, was a 1999 Oprah pick, scores again with this Civil War-era saga, set in Washington. She tells the deeply affecting story of a family of freed slaves in an evocative, historically rich book that brings the turbulent period alive. The author neither averts her eye from, nor sugarcoats the truth about, the uphill struggle for dignity in this gritty town. **A-**

IN THE WORKS

Meeting the Watchmen

THOUSANDS OF FANBOYS and fangirls awaiting their *Citizen Kane* stormed the San Diego Convention Center on July 25 to see advance footage of **WATCHMEN**, directed by Zack Snyder (300) and due in theaters next March. Based on Alan Moore's graphic novel—which *TIME*'s critics named one of the 100 best novels since the magazine's founding in 1923—the film is set in an alternate 1980s world where Richard Nixon is still President, cold war tensions run high and superheroes are being murdered. Snyder's teaser showed arresting visuals of the giant blue Dr. Manhattan (Billy Crudup) atomizing some Viet Cong, fellow crusaders Nite Owl II (Patrick Wilson) and Silk Spectre II (Malin Akerman) kissing in front of a mushroom cloud and the coarse Comedian (Jeffrey Dean



Morgan) plunging to his death from a window, with a blood-spattered smiley face—the book's trademark—tumbling after him. With its dense story line, *Watchmen* asks a lot of its audience, and Snyder is wrestling with a three-hour cut of the film. But Comic-Con's diehards rise to a challenge. They happily viewed the footage twice.

—BY REBECCA WINTERS

KEEGAN



Michael

Kinsley

The Audacity of Bill Gates. He wants to reinvent capitalism to do more for the poor. A surprising range of people object

BILL GATES WRITES IN THIS MAGAZINE THAT HE WANTS big corporations to do more for the world's poor. He calls this "creative capitalism." Who could possibly object?

Actually, lots of people. After Gates outlined creative capitalism in a speech at Davos, Switzerland, in January, I started a website on the topic (creativecapitalismblog.com), with the Tom Sawyer-ish intention of inviting distinguished economists, journalists and ordinary people to discuss their reaction to Gates' notion and then turning it all into a book. It has worked like a dream, and the book will be out by the end of the year. The remarkable thing is the variety of objections to what seems like an idea that's hard to dispute.

There are some, of course, who find anything Gates does or says nefarious. Last year the Los Angeles Times reported indignantly that while the Bill & Melinda Gates Foundation was busy saving lives from malaria, Africans continued to die of other causes. A more serious left-wing argument is that important social goals shouldn't have to rely on the charity of some corporation. While Gates sees what he calls "recognition"—credit for doing good—as a healthy incentive for corporations to behave well, others see the same phenomenon as propaganda and are not impressed. There is something deeply wrong with a system that allows extremes of inequality, these people believe, and creative capitalism is just a way for the corporate elite to put off making the necessary changes.

These left-wing objections have their equivalents on the right. With the term *creative capitalism*, some critics complain, Gates is implying that capitalism itself isn't creative. Superenthusiasts of free markets believe that any goal capitalism fails to achieve can only be the fault of interference from the government. Gates, in this week's article, denies his concept is a "knock on capitalism itself." But if there is something called "creative capitalism," there must be an "uncreative capitalism," just as George W. Bush's "compassionate conservatism" is unavoidably an insult to conservatism in general.

Beyond slogans, some conservatives believe that Gates' emphasis on changing the behavior of large corporations in developed countries is misplaced. More good can be done, they say, by spreading the gospel of free markets to places where corruption and red tape

still strangle capitalism than by tinkering with the machinery in places where it already works pretty well.

In 1970, Nobel-laureate economist Milton Friedman wrote a magazine article about "corporate social responsibility," an earlier term for something very much like creative capitalism. Friedman said the responsibility of corporations was to maximize value for their stockholders—period. Anything else was a betrayal of those stockholders, who can always give their profits away to worthy causes if they want. But the choice should be theirs. It was argued in reply back then that social responsibility benefits the bottom line because it makes the corporation look good, thereby attracting more customers and better employees. Gates makes a similar argument. But this reasoning is a bit circular: if

creative capitalism makes good business sense, then corporations deserve no special praise for practicing it. If it carries a real cost to stockholders, then Friedman has a point.

As it happens, Gates' financial history has followed the Friedman philosophy more than his own. Gates founded Microsoft and ran it with legend-

ary single-mindedness for three decades. There was not a lot of energy devoted to lifting up the world's poor. Now, having squeezed every drop out of capitalism, he is going to devote almost all his time and fortune to improving the state of the world. Even the skeptics tend to agree that the results of that redirected single-mindedness could be awesome.

And the general reaction to Gates' proposals has been positive. Certainly no one can seriously object to his putting these issues on the table. His timing is excellent: there is growing interest, especially among young people, in helping the world's poorest. Even the most troglodytic corporation is feeling pressure to be green (and to pretend, at least, to be excited about it). The parade of corporate scandals continues, and capitalism's need for a bit of image repair continues alongside. It's a perfect moment for the biggest corporate titan of all time to turn his attention to problems that software can't solve. ■

Conflict-of-interest note: I worked for Microsoft for seven years, and my wife Patty Stonesifer is a senior adviser to the Gates Foundation after 11 years as its CEO



ADVAIR DISKUS® 100/50, 250/50, 500/50 (fluticasone propionate 100, 250, 500 mcg and salmeterol 50 mcg inhalation powder)

What is the most important information I should know about ADVAIR DISKUS?

In patients with asthma, long-acting beta₂-agonist medicines such as salmeterol (one of the medicines in ADVAIR) may increase the chance of death from asthma problems. In a large asthma study, more patients who used salmeterol diskus than asthma problems compared with patients who did not use salmeterol. So ADVAIR is not for patients whose asthma is well controlled on another asthma controller medicine such as inhaled corticosteroids or only need a fast-acting inhaler once in a while. Talk with your doctor about this risk and the benefits of treating your asthma with ADVAIR.

ADVAIR should not be used to treat a severe attack of asthma or chronic obstructive pulmonary disease (COPD) requiring emergency medical treatment.

ADVAIR should not be used to relieve sudden symptoms or sudden breathing problems. Always have a fast-acting inhaler with you to treat sudden breathing difficulty. If you do not have a fast-acting inhaler, contact your doctor to have one prescribed for you.

What is ADVAIR DISKUS?

There are two medicines in ADVAIR. Fluticasone propionate, an inhaled anti-inflammatory belonging to a group of medicines commonly referred to as corticosteroids; and salmeterol, a long-acting, inhaled bronchodilator belonging to a group of medicines commonly referred to as beta₂-agonists. There are 3 strengths of ADVAIR: 100/50, 250/50, 500/50.

For Asthma

- ADVAIR is approved for the maintenance treatment of asthma in patients 4 years of age and older. ADVAIR should only be used if your doctor decides that another asthma controller medicine does not control your asthma or that you need 2 asthma controller medicines.
- The strength of ADVAIR approved for patients ages 4 to 11 years who experience symptoms on an inhaled corticosteroid is ADVAIR DISKUS 100/50. All 3 strengths are approved for patients with asthma ages 12 years and older.

For Chronic Obstructive Pulmonary Disease

COPD is a chronic lung disease that includes chronic bronchitis, emphysema, or both. ADVAIR DISKUS is used long term, twice a day to help improve lung function for better breathing in adults with COPD. ADVAIR DISKUS 250/50 has been shown to decrease the number of flare-ups and worsening of COPD symptoms (exacerbations).

Who should not take ADVAIR DISKUS?

You should not start ADVAIR if your asthma is becoming significantly or rapidly worse, which can be life threatening. Serious respiratory events, including death, have been reported in patients who started taking salmeterol in this situation, although it is not possible to tell whether salmeterol contributed to these events. This may also occur in patients with less severe asthma.

You should not take ADVAIR if you have had an allergic reaction to it or any of its components (salmeterol, fluticasone propionate, or lactose). Tell your doctor if you are allergic to ADVAIR, any other medications, or food products. If you experience an allergic reaction after taking ADVAIR, stop using ADVAIR immediately and contact your doctor. Allergic reactions are more likely when you experience one or more of the following: choking, breathing problems; swelling of the face, mouth and/or tongue; rash; hives; itching; or welts on the skin.

Tell your doctor about the following:

- If you are using your fast-acting inhaler more often or using more doses than you normally do (e.g., 4 or more inhalations of your fast-acting inhaler for 2 or more days in a row or a whole canister of your fast-acting inhaler in 4 weeks' time), it could be a sign that your asthma is getting worse. If this occurs, tell your doctor immediately.
- If you have been using your fast-acting inhaler regularly (e.g., four times a day), your doctor may tell you to stop the regular use of these medications.
- If your peak flow meter results decrease. Your doctor will tell you the numbers that are right for you.
- If you have asthma and your symptoms do not improve after using ADVAIR regularly for 1 week.
- If you have been on an oral steroid, like prednisone, and are now using ADVAIR. You should be very careful as you may be less able to heal after surgery, infection, or serious injury. It takes a number of months for the body to recover its ability to make its own steroid hormones after use of oral steroids. Switching from an oral steroid may also unmask a condition previously suppressed by the oral steroid such as allergies, conjunctivitis, eczema, arthritis, and osteoporotic conditions. Symptoms of an osteoporotic condition can include rash, worsening breathing problems, heart complications, and/or feeling of "pins and needles" or numbness in the arms and legs. Talk to your doctor immediately if you experience any of these symptoms.
- Sometimes patients experience unexpected bronchospasm right after taking ADVAIR. This condition can be life threatening and if it occurs, you should immediately stop using ADVAIR and seek immediate medical attention.
- If you have any type of heart disease such as coronary artery disease, irregular heart beat or high blood pressure. ADVAIR should be used with caution. Be sure to talk with your doctor about your condition because salmeterol, one of the components of ADVAIR, may affect the heart by increasing heart rate and blood pressure. It may cause symptoms such as heart fluttering, chest pain, rapid heart rate, tremor, or nervousness.
- If you have seizures, overactive thyroid gland, liver problems, or are sensitive to certain medications for breathing.
- If your breathing problems get worse over time or if your fast-acting inhaler does not work as well for you while using ADVAIR. If your breathing problems worsen quickly, get emergency medical care.
- If you have been exposed to or currently have chickenpox or measles or if you have an immune system problem. Patients using medications that weaken the immune system are more likely to get infections than healthy individuals. ADVAIR contains a corticosteroid (fluticasone propionate) which may weaken the immune system. Infections like chickenpox and measles, for example, can be very serious or even fatal in susceptible patients using corticosteroids.

How should I take ADVAIR DISKUS?

ADVAIR should be used 1 inhalation, twice a day (morning and evening). ADVAIR should never be taken more than 1 inhalation twice a day. The full benefit of taking ADVAIR may take 1 week or longer.

If you miss a dose of ADVAIR, just skip that dose. Take your next dose at your usual time. Do not take two doses at one time.

Do not stop using ADVAIR unless told to do so by your doctor because your symptoms might get worse.

Do not change or stop any of your medicines used to control or treat your breathing problems. Your doctor will adjust your medicines as needed.

When using ADVAIR, remember:

- Never breathe into or take the DISKUS® apart.
- Always use the DISKUS in a level position.
- After each inhalation, rinse your mouth with water without swallowing.
- Never wash any part of the DISKUS. Always keep it in a dry place.
- Never take an extra dose, even if you feel you did not receive a dose.
- Discard 1 month after removal from the foil pouch.
- Do not use ADVAIR with a spacer device.

Children should use ADVAIR with an adult's help as instructed by the child's doctor.

Can I take ADVAIR DISKUS with other medicines?

ADVAIR and certain other medicines may interact with each other. Tell your doctor about all the medications you take, including prescription and nonprescription medications, vitamins, and herbal supplements.

If you are taking ADVAIR DISKUS, do not use other long-acting beta₂-agonist-containing medications, such as SEREVENT® DISKUS or Foradil® Aerolizer®, for any reason.

If you take ritonavir (an HIV medication), tell your doctor. Ritonavir may interact with ADVAIR and cause serious side effects. The anti-HIV medicines Norvir® Soft Gelatin Capsules, Norvir Oral Solution, and Kaletra® contain ritonavir.

No formal drug interaction studies have been performed with ADVAIR.

In clinical studies, there were no differences in effects on the heart when ADVAIR was taken with varying amounts of albuterol. The effect of using ADVAIR in patients with asthma while taking more than 9 puffs of a drug of albuterol has not been studied.

ADVAIR should be used with extreme caution during and up to 2 weeks after treatment with monoamine oxidase (MAO) inhibitors or tricyclic antidepressants since these medications can cause ADVAIR to have an even greater effect on the circulatory system.

Generally, people with asthma should not take beta-blockers because they counteract the effects of beta₂-agonists and may also cause severe bronchospasm. However, in some cases, for instance, following a heart attack, selective beta-blockers may still be used if there is no acceptable alternative.

The ECO changes and/or low blood potassium that may occur with some diuretics may be made worse by ADVAIR, especially at higher-than-recommended doses. Caution should be used when these drugs are used together.

In clinical studies, there was no difference in side effects when ADVAIR was taken with methylxanthines (e.g., theophylline) or with FLONASE® (fluticasone propionate).

What are other important safety considerations with ADVAIR DISKUS?

Pneumonia: People with COPD taking ADVAIR may have a higher chance of pneumonia. Call your doctor if you notice any of the following symptoms: change in amount or color of sputum, fever, chills, increased cough, or increased breathing problems.

Osteoporosis: Long-term use of inhaled corticosteroids may result in bone loss (osteoporosis). Patients who are at risk for increased bone loss (obesity, use, advanced age, inactive lifestyle, poor nutrition, family history of osteoporosis, or long-term use of drugs such as corticosteroids) may have a greater risk with ADVAIR. If you have risk factors for bone loss, you should talk to your doctor about ways to reduce your risk and whether you should have your bone density evaluated.

Glaucoma and cataracts: Glaucoma, increased pressure in the eyes, and cataracts have been reported with the use of inhaled steroids, including fluticasone propionate, a medicine contained in ADVAIR. Regular eye examinations should be considered if you are taking ADVAIR.

Blood sugar: Salmeterol may affect blood sugar and/or cause low blood potassium in some patients, which could lead to a side effect like an irregular heart rate. Significant changes in blood sugar and blood potassium were seen infrequently in clinical studies with ADVAIR.

Growth: Inhaled steroids may cause a reduction in growth velocity in children and adolescents.

Steroids: Taking steroids can affect your body's ability to make its own steroid hormones, which are needed during infections and times of severe stress to your body, such as an operation. These effects can sometimes be seen with inhaled steroids but it is more common with oral steroids, especially when taken at higher-than-recommended doses over a long period of time. In some cases, these effects may be severe. Inhaled steroids often help control symptoms with less side effects than oral steroids.

Yeast infections: Patients taking ADVAIR may develop yeast infections of the mouth and/or throat ("thrush") that should be treated by your doctor.

Tuberculosis or other untreated infections: ADVAIR should be used with caution, if at all, in patients with tuberculosis, herpes infections of the eye, or other untreated infections.

What are the other possible side effects of ADVAIR DISKUS?

ADVAIR may produce side effects in some patients. In clinical studies, the most common side effects with ADVAIR included upper respiratory tract infections; throat irritation; hoarseness and voice changes; thrush in the mouth and throat; bronchitis; cough; headache; nausea and vomiting; infections in the ear, nose, and throat; viral respiratory infections; and muscle and bone pain.

Tell your doctor about any side effect that bothers you or that does not go away. These are not all the side effects with ADVAIR. Ask your doctor or pharmacist for more information.

What if I am pregnant, planning to become pregnant, or nursing?

Talk to your doctor about the benefits and risks of using ADVAIR during pregnancy, birth, or if you are nursing. There have been no studies of ADVAIR used during pregnancy, birth, or in nursing women. Salmeterol is known to interfere with labor contractions. It is not known whether ADVAIR is excreted in breast milk, but other corticosteroids have been detected in human breast milk. Fluticasone propionate, like other corticosteroids, has been associated with birth defects in animals (e.g., cleft palate and fetal death). Salmeterol showed no effect on fertility in rats at 180 times the maximum recommended daily dose.

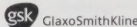
What other important tests were conducted with ADVAIR?

There is no evidence of enhanced toxicity with ADVAIR compared with the components administered separately in animal studies with doses much higher than those used in humans. Salmeterol was associated with uterine tumors. Your healthcare professional can tell you more about how drugs are tested on animals and what the results of these tests may mean to your safety.

For more information on ADVAIR DISKUS

This page is only a brief summary of important information about ADVAIR DISKUS. For more information, talk to your doctor. You can also visit www.ADVAIR.com or call 1-888-825-5249. Patients receiving ADVAIR DISKUS should read the medication guide provided by the pharmacist with the prescription.

ADVAIR, ADVAIR DISKUS, FLONASE, SEREVENT, and DISKUS are registered trademarks of GlaxoSmithKline. The following are registered trademarks of their respective manufacturers: Foradil/Aerolizer Pharma Inc.; Aerolizer/Norvir/AAS; Norvir and Kaletra/Abbott Laboratories.



GlaxoSmithKline
Research Triangle Park, NC 27709
ADO-3PI April 2008



ADVAIR® helps significantly improve lung function so you can breathe better.*

If you have COPD, including chronic bronchitis, emphysema, or both, ADVAIR 250/50 may help.

ADVAIR works differently than other COPD medications. It is the only COPD product with an anti-inflammatory and a bronchodilator working together to help improve lung function. Talk to your doctor and find out if ADVAIR is right for you.



Get your first full prescription FREE† Go to advairCOPD.com or call 1-800-504-2218.

It is not known how anti-inflammatories work in COPD.

Important Information: ADVAIR DISKUS 250/50 is approved for adults with COPD, including chronic bronchitis, emphysema, or both. You should only take 1 inhalation of ADVAIR twice a day. Higher doses will not provide additional benefits. People with COPD taking ADVAIR may have a higher chance of pneumonia. Call your doctor if you notice any of the following symptoms: change in amount or color of sputum, fever, chills, increased cough, or increased breathing problems. ADVAIR may increase your risk of osteoporosis and some eye problems (cataracts or glaucoma). You should have regular eye exams. Thrush in the mouth and throat may occur. Tell your doctor if you have a heart condition or high blood pressure before taking ADVAIR. Do not use ADVAIR with long-acting beta₂-agonists for any reason. ADVAIR does not replace fast-acting inhalers for sudden symptoms.

*Measured by a breathing test in people taking ADVAIR 250/50, compared with people taking either fluticasone propionate 250 mcg or salmeterol 50 mcg. Maximum effects may take several weeks. Your results may vary.

†See advairCOPD.com for eligibility rules.

Please see accompanying important information about ADVAIR DISKUS 250/50.

You are encouraged to report negative side effects of prescription drugs to the FDA. Visit www.fda.gov/medwatch, or call 1-800-FDA-1088.



If you don't have prescription coverage and can't afford your medicines, visit ppars.org, or call 1-888-4PPA-NOW (1-888-477-2669)

ADVAIR DISKUS® 250/50
(fluticasone propionate 250 mcg and salmeterol 50 mcg inhalation powder)



GlaxoSmithKline

If you smoke and want to quit, you can learn more at way2quit.com.